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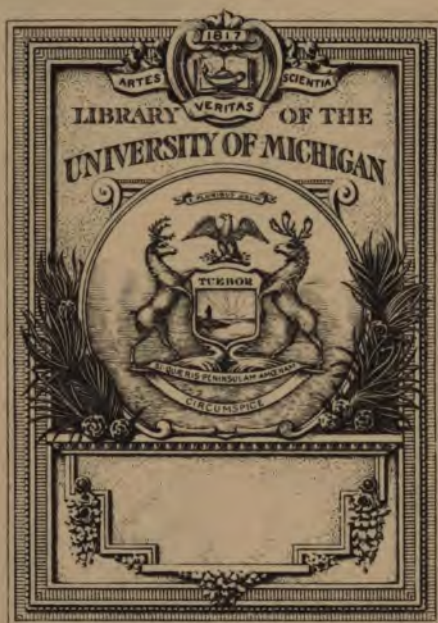
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From Prof H.C. Adams

Oct. 1892

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TORONTO UNIVERSITY STUDIES
IN
POLITICAL SCIENCE

W. J. ASHLEY, Editor.

FIRST SERIES. No. I.

THE ONTARIO TOWNSHIP

BY J. M. MCEVOY,

University College, Toronto.

WITH AN

INTRODUCTION

By W. J. ASHLEY, M.A.,

*Professor of Political Economy and Constitutional History,
Late Fellow of Lincoln College, Oxford.*



TORONTO :

PRINTED BY WARWICK & SONS, 68 AND 70 FRONT ST. WEST,
1889.



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INTRODUCTION.

Nothing is more striking in the intellectual history of our own time, nothing more full of hope, than the growing interest excited by Political Science. It matters but little whether it is called by that name, or divided into its various elements, History, Economics, Administration, Public Finance, and the like. In Germany, in France, above all in the United States, an amount and a kind of attention altogether new are now being given to the problems of political society. Two ideas underlie the movement. The first is that the State, with all its constituent parts and all its activity, can be studied in the same spirit as the biologist brings to the observation of the animal organism, or the mathematician to the manipulation of numbers, *i. e.*, with absolute impartiality, with a complete suppression of all other motive than the ascertainment of truth. The second is that knowledge thus acquired by scientific observation and analysis will be of practical use.

It were too early to pronounce judgment on the work which scholars influenced by these ideas have as yet been able to perform. A tree is known by its fruits, but it must be given time to grow before the fruits are looked for. If they have done no more than impress anew on many men just entering what is called practical life, the homely duty of trying to see facts as they really are, without bias of personal or party interest, they have done much. I believe it will be found in the sequel that they have done far more than this. Meanwhile a word of explanation is called for by this present publication, and may remove some misconceptions. As in the special department of Political Economy, so in the wider subject, Political Science, which includes it, it is a mistake to suppose that there is in existence a body of simple principles, which can be found in the books of certain great masters, and need only to be applied to real life. Economists and philosophers and historians and lawyers in the past have indeed given us many valuable reflexions and wide-reaching generalizations, which may very fittingly be made the basis of the academic study of Political Science. Yet these reflexions and generalizations do but furnish us with a beginning, a starting point, for further development. This development must, for some time to come, take the direction of the discovery by the methods of history, of statistics and observation, of the main facts of the political and economic world around us. The most

pressing duty, in truth, of the student of Political Science is, for the present, the wise collection of material. Fortunately this task requires no very high intellectual powers; it needs chiefly industry and honesty. This is often not understood; and enquiries of the kind I have indicated are often spoken of with too much praise on the one side, or with too great depreciation on the other. The former mistake is perhaps most likely to be found among those who have themselves been engaged in this sort of "original research." There is indeed plenty of opportunity in it for a man to shew a high degree of ability; but still what is really needed is chiefly intelligent drudgery. Before we can begin to hazard large speculations on any particular subject, the whole field must first have been surveyed in this unambitious fashion. The one great fault of so much of the theorizing of the present century is that it has been too hasty, too scantily fortified by knowledge. On the other hand, I have heard it said, "What is the use of a man's giving two or three months to working through the charters of this or that particular city, reading mayors' messages and treasurers' statements, and interviewing dozens of citizens, in order only to produce a "monograph," which no one will ever pay any attention to except a handful of similar enthusiasts?" But if Political Science is to mean anything more than a literary amusement, it must deal with the actual everyday affairs of the world, sordid and distasteful as those affairs may often be. That "monograph" by itself might be of little use; but let us get twenty such works on twenty such cities, and we may be able to advance a step further. Comparison will probably bring out common features; eliminating special disturbing forces we may be able to arrive at the common source of certain evils and the variations may enable us to see what is the more hopeful direction in which to look for reform. Surely no one will deny that if we can obtain results such as these, the labor of the special investigations will not have been thrown away. Even with so little as has been done already, let any one read the chapters on Local Government in Mr. Bryce's *American Commonwealth*, and he will see how impossible it would have been to write them without the preliminary study of the field by the group of writers associated with the Johns Hopkins University.

It is time, I think, that enquiries of this kind were entered upon for Canada and Ontario. Upon all the subjects of vital importance for the future of our Dominion,—our system of local government, the condition of our cities, our industrial and commercial policy, the condition of our agriculture,—on these and every other, our first need is for more knowledge.

In working with my class at Canadian Constitutional History, I became aware that one of my pupils, Mr. J. M. McEvoy, possessed a more than usual knowledge of the practical working of the township system; and that the occupation of township officers by his father and grandfather during a long period of years had given him, as it were, an hereditary interest in the subject. I suggested that it might be useful if he would attempt to sketch the history and working of the township system in the district he knew best, as a contribution to the early constitutional history of Ontario; as a help to the solution of the difficulties yet remaining in local government; and as an indication to those outside Canada, interested in popular self-government, of a system of administration in some of its features altogether unique. Mr. McEvoy spent his vacation in perusing the early documents of the old London district, in consulting venerable seniors who could tell him of the state of things fifty or sixty years ago, and in the study of the statute book; and the result is now laid before the reader.

Mr. McEvoy, with a wise limitation of his field, begins with the Act of 1793 empowering the inhabitants of townships to elect certain officers. Of late years a considerable literature has grown up concerning the New England township, of which the Ontarian township is indirectly the descendant. It has been traced back to the primitive German self-governing "mark-community," which is supposed to have suffered the degradation of subjection to manorial lords, but in the freer air of the New World to have reappeared again in all its old democratic liberty. Unfortunately the very existence of the free mark-community has recently been disputed, and with much shew of reason. It is safer to say that the early colonists of New England took with them the local institutions with which they were familiar at home; but that a more democratic spirit was infused into them by the circumstances of their new life, and by the character of their religion. *

Whatever its origin, the town-meeting of New England played a most important part in the education of the people in self-government. There all the qualified male inhabitants met together, and discussed and decided a wide range of matters of local concern. Why was this system not introduced in its entirety into Canada? It is frequently supposed that the reason was that the British Government, taught by the experience of the revolted colonies, feared the town-meeting as a school of independence. It is true that town meetings were sup-

* The best brief comparison of the local institutions of England in the seventeenth century with those of the American colonies, will be found in Dr. Channing's *Essay on Town and County Government in the English Colonies of North America* in Johns Hopkins University Studies, 2nd Series. As to the "reproduction of primitive Teutonic life" see an admirable though one-sided article in the *New York Nation* for October 3, 1889: "The Puritans invented little or nothing; they were neither wiser nor more notional than their kindred in England; and above all, they intended to live by English laws and customs as closely as possible."

pressed in Nova Scotia in 1770, the very year that Boston town-meeting under the guidance of Samuel Adams was leading all the other "towns" of Massachusetts in opposition to the government of King George. This may, accordingly, have been one of the reasons why the local government established in Upper Canada took the shape it did. But there is another and still more important reason, that has hitherto been overlooked. It is that it was not the example of New England that was directly before the eyes of the first settlers in Upper Canada, but the example of the neighboring state of New York. It was from thence that most of the U. E. Loyalists came.* Indeed, an old settler writing in 1816 expressly describes the system of government established in 1791 and the years immediately following, as "a constitution similar to that they [the old settlers] had lost during the rebellion in the Province of New York."†

Now the township has never occupied the same position in New York and the middle states of the Union as in the more northern states. It was not there the original basis of local government; the county was that; but it had been introduced by New England influence: so that the middle states presented a compromise between the township system of the north and the county system of the south.‡ The legislative powers of the town-meeting, for instance, seem to have been very limited, and practically its chief work was the election of township officers. § From 1703, indeed, there was a county-board composed of the Supervisors (the chief officers of the townships, like the Ontarian Reeves,) which had the power of levying taxes, and I shall return to this very shortly; but the justices, nominated by the Governor, still possessed considerable power of control. Mr. McEvoy tells us of the friction occasioned in Ontario by the justices' authority over the repair of roads; but they had somewhat the same power in New York; thus "in several counties a single justice of the peace might, whenever he thought fit, order the overseers to repair any road within his district." ||

This last example suggests a further remark. Even the authority of the justices in Quarter Sessions in Ontario is probably to be explained at least as much by American tradition as by imitation of England. ¶ Thus in Massachusetts itself, where the town-meeting was strongest, the justices in General or

* This is clear on glancing over the accounts of the most notable settlers in Dr. Canniff's *Settlement of Upper Canada*, Chaps. 9-11. The three townships first surveyed, for instance, were entirely occupied by men from New York; *Ibid* chap. 49.

† *Ibid* 159.

‡ See this idea clearly worked out by Bryce, *American Commonwealth*, chap. 48.

§ Howard, *Local Constitutional History of the U. S.* i. 111; cf. 107.

|| *Ibid* 392-3.

¶ Dr. Bourinot seems to ascribe it entirely to the latter cause; *Local Government in Canada*, 37, in Johns Hopkins Studies, 5th Series.

Quarter Sessions continued to levy a county rate to the end of the colonial period, * and even to exercise the right of disallowing town by-laws. †

The position of the township and town-meeting in Ontario is still further illustrated by the analogy presented to us in the history of the American Northwest [now forming the states of Michigan, Ohio, Illinois, Indiana and Wisconsin]. In both cases the township was at first a mere territorial division for the purpose of surveying the land, and partitioning it among settlers; in Upper Canada this work began in 1781, and was carried on more vigorously from 1783 by a Surveyor-General who had actually been doing precisely similar work in the colonies north of Virginia. ‡ In the American Northwest the work was set on foot by the Ordinance of 1785. But while in Upper Canada this merely geographical division became the unit for local administration, with its meeting for the election of officers, as early as 1793, the Northwest Territory waited till 1802 for an institution of precisely the same limited powers. § And in the Northwest at first, as in Upper Canada, a wide administrative authority was exercised by the justices in Quarter Sessions. ||

Of the more recent period treated by Mr. McEvoy, it is not necessary here to say much. The system established in 1849 seems to be similar in all essentials to the so-called "compromise" plan or "township-county system" of New York and some of the Northwestern states, with its county board composed of township supervisors. How far the one was consciously borrowed from the other, or how far both were the independent outcome of the same needs, would require some little research to determine. The name *Reeve* for the presiding officer of the township council is peculiar, as far as I know, to Canada, and was possibly the result of the revived interest in early English institutions that marked the period. It may be noticed that Kemble's *Saxons in England*, with its chapter on the *Gerefa*, had appeared in the preceding year. The most important difference between the Ontarian and the American "compromise" system seems to lie in the circumstance that in Ontario all the powers of the town-meeting, except the election of certain officers, have been transferred by law to the township council. But this contrast is diminished by two facts in the practical working of the two systems; first that in several of the American states the legislative activity of the town-meeting is in reality but small, owing to the withdrawal, as in Ontario, of incorporated villages from the township; ¶ and secondly the very

* Howard, 340-1.

† *Ibid* 334.

‡ Canniff, chap. 15.

§ Howard, 144.

|| *Ibid*, 423-4. They soon lost, however, in the Northwest the power of levying taxes.

¶ Howard, 166; Bemis *Local Government in Michigan and the Northwest*, 15, in Johns Hopkins University Studies, 1st Series.

remarkable survival of the town-meeting in Ontario, in spite of statutes, and its real influence over the actions of the council. Mr. McEvoy's essay is particularly useful in calling our attention to this striking instance of the strength of custom.

In issuing the first essay of what, it is hoped, may be a series, the editor has only this to remark in conclusion. He cannot hope that all the statements in every essay will be faultlessly accurate, and that bias of some sort or other will not occasionally show itself. But it will at any rate be the desire and effort of the editor, and those who will work with him, to see facts in the dry light of impartiality, and to use language untinged by passion. And should any reader notice a palpable blunder, he will be doing a kindness if he will communicate with the editor.

W. J. ASHLEY.

THE ONTARIO TOWNSHIP.

Section 1.—Introduction.

It is customary to say that Ontario is divided into counties, and that these counties are sub-divided into townships. It would be nearer the truth to say that Ontario is divided into townships, and that these townships are grouped into counties. The province was early divided into four large districts, in each of which there were already a certain number of settlers with improved lands marked off into townships. As new lands were required for settlers, additional pieces of land were "laid out" into townships. In this "laying out" or surveying of new lands for a township, there was no intention of dividing a district into so many equal parts; all that was aimed at was to lay out the land in such a manner as to secure a township of ordinary size, lying adjacent to those already surveyed. These townships, as then "bounded" by the surveyors, have ever since remained the same, though, for purposes of government, they have been grouped in several ways, of which the present arrangement in counties is but one. The first grouping, that of 1788, was into the Western, Home, Midland and Eastern Districts; with the growth of population, however, it was found necessary to make a readjustment in 1798; and the old townships, with such new ones as had more recently been settled, were arranged in eight districts, a much reduced territory being included in each of the four districts known by the old names, to which were now added the districts of Johnstown, Newcastle, Niagara, and London. To these were added at a later date Gore, Bathurst and Ottawa. It was during the time of this latter grouping of townships that the townships of which I shall more particularly speak, were settled. During this period the "county," though in name it existed, (Simcoe having divided the province into nineteen counties), was not a reality to the ordinary inhabitant; nor did it become so until after the district administration had been replaced by county corporations.

The average township contains about 50,000 acres. How wide, however, the differences of area are, may be illustrated by the county of Middlesex, where the largest township contains 88,958 acres of which the "equalized assessment valuation" is \$5,469,382, and the smallest township 23,468 acres of which the equalized assessment valuation is \$950,220. Townships are usually roughly quadrilateral in shape, but are by no means always squares or parallelograms. The condition of the land at the time the township was surveyed, and the chronological order (in reference to surrounding townships) in which it was surveyed, determine its shape. Owing to irregularities in shape, arising from these and other causes, the length and breadth of townships varies from six to fifteen miles. It is amusing to read the rules issued by the early Provincial Land Surveyors to their deputies in regard to the surveying of townships; an attempt was made at regularity, even precision, by the government, while the work was really being carried on in a rough and ready fashion in accordance with the wishes of the people and the exigencies of the times. On the arrival of Governor Simcoe in Upper Canada he at once applied to Lord Dorchester for information concerning the allotment of Crown Lands. He was supplied with the names of five deputy land surveyors, who had been occupied in laying out lands for settlement. The way in which land was actually being taken up by settlers at this time, was as follows: The settler applied to the "Land Board," (composed generally of three commissioners appointed by the government in each district), and got leave to settle in a certain locality. The surveyor, upon the presentation of a certificate from the Land Board, stating that the bearer had the right to become a settler, "located" two hundred acres, which was the extent allotted to an ordinary settler and which were to

become his property after he had performed "settlement duties." These duties consisted in the building of a house and the cultivation of a small portion of the land; at a later date each settler was obliged to "chop off" the road in front of his "lot."

I will quote here the rules issued from the Surveyor General's office in 1788, and subsequently from time to time down to 1804, directing how townships *should* be surveyed, after which I will describe as nearly as I can how they actually *were* surveyed.

"Inland townships shall be ten miles square, and such as have a front upon a navigable river or water shall have a front of nine miles and a depth of twelve."

"The town-plot in every township shall be one mile square. In an inland township it shall be situated in the centre thereof; and in a township upon a navigable river or water it shall be in the centre of the front bordering upon the water."

"Every town-lot shall contain one acre more or less."

"Every town-park shall contain twenty acres more or less."

"There shall be a public square or parade in the centre of the same, (*i. e.*, the town park) containing four acres more or less."

"There shall be four more public squares or parades of the like extent at equal and convenient distance from the centre."

"A square of four acres, more or less, shall be reserved on each side of the centre square for places of divine worship, one parsonage house, one school house, a court or town house, a prison and poor or work-house."

"A square of four acres, more or less, shall be reserved at each of the four corners of the town-plot for a common burying ground, hospital, etc."

"Four squares of four acres each, more or less, shall be reserved for market places at the four extremities of the town, in a line with and at equal distance from the corners."

"The eight principal streets leading from the centre square shall be ninety-six feet wide. All the squares shall be open at the angles or corners."

"An area of half a mile, more or less, in depth surrounding the town shall be reserved for works of defence, if necessary, or such other disposition as shall be thought proper at a future period."

"The town-parks shall adjoin and surround the area just mentioned, and shall be two hundred and eighty-eight in number in an inland township, and two hundred and eighteen in every township situated upon a navigable river or water."

"One town-park shall be reserved for a minister and one for a school-master, adjoining each other."

"The remainder of the township shall be laid out in farm lots, the number of which in every inland township is to be two hundred and fifty, and in every township situated upon a navigable river or water, three hundred."

"Two farm lots shall be reserved for a minister and one for a school-master, situated behind the town-parks to be reserved for them respectively, and in that division of the farm lots that is nearest to the town."

"In each of the four corners of every inland township, eight farm-lots adjoining each other, shall be reserved in the hands of the Crown."

"In each of the four corners of every township situated upon a navigable river or water, ten farm-lots shall be reserved in the hands of the Crown."^{*}

The power of "laying out" a new township, or of making alterations in townships already existing, has always resided exclusively in the Provincial Government. The townships of which I shall more particularly speak, those in the County of Middlesex, were surveyed under the authority conferred upon the Governor in Council by the

^{*}From MS. in the Public Library, Toronto.

"Constitutional Act" of 1791. The "surveying" included the fixing of "metes and bounds" for each township, its division into "concessions" and "lots", and the registering of a plan of the same with the Surveyor-General for the province. Each "concession" consisted of a strip of land, from three-quarters of a mile to a mile in breadth, stretching directly across the township and, therefore, varying from six to fifteen miles in length. The whole township was thus divided into parallel strips, separated from one another by the "concession roads," which were "laid out" by the surveyor, with a width of four rods, along the whole length of each concession. The concession was then divided into oblong lots, usually containing two hundred acres each. At a later date additional roads were surveyed across the township at right angles to the concessions. They were laid out at intervals of from one and a half to three miles, were parallel to each other, and were in every respect similar to concession roads, only that, instead of being numbered consecutively, they assumed the number of the lot at which they crossed the township. Townships are separated from each other by "town-lines," which are roads of the ordinary width running around all four sides of the township. The oversight of these town-lines is sometimes left in the hands of the county council, and sometimes the townships on either side by equal contributions build and keep them in repair. A reference to the accompanying map of the Township of Westminster will illustrate more clearly the situation and relation of what is represented by the various terms used.

The actual laying out of the earlier townships was not done with even this much regularity. A writer of 1822 gives the following description:—

"The townships were laid out into concessions and lots in this manner. A front line was first adjusted to the shore, so as to leave as little as possible of head land between it and the water, and of back water between it and the land. A second line was then drawn parallel with the first and at the distance of a hundred chains, or a mile and a quarter besides the allowance for road. The intervening range of land was called the front or first concession. In the same manner a second was laid out and then a third, fourth, etc. In the front and between the concessions a strip of land was allowed for a road. The allowance for the front road was generally 60 and for the other concession roads 40 feet. Each concession was divided into lots of 200 acres, by parallel lines at right angles with the concession lines and 20 chains or a quarter of a mile distant from each other. At intervals of two or three miles a strip of 40 feet was left between lots for cross roads."*

The concessions were not all laid out at one time, but as fast as they were needed for settlement; and the township was "closed out" when it was thought to be large enough. At the time of Simcoe's arrival (1792) there were but five surveyors in the Province of Upper Canada; and during the great influx of United Empire Loyalists it was impossible for five men to survey rapidly enough to provide lands for all the new comers before they settled. Many of them fixed the locality of their future homes themselves, and its exact limits were later placed by the surveyor. From this it is seen that no attention whatever was paid to the artificial and ideal rules laid down by the Surveyor-General. The reservations for the Crown and clergymen were, however, pretty strictly watched, so that much of this reserved land was scattered throughout the settled townships. This was at a later period a great source of complaint, on the ground that these lands contributed nothing towards the improvement of the country which was yearly making them more valuable. As time went on there was an increase in the staff of surveyors and three or four were appointed in each district. These men were in constant correspondence with the government, and whenever they saw from the influx of immigrants or the increase of population that the surveying of a new township would be profitable they would acquaint the Lands Department with the fact and secure the right to survey it, receiving as remuneration for their labor a percentage of the acres surveyed or a money payment. In some places large tracts of the best land were taken up by them, and their families still enjoy the fruits of their foresight. It would seem that at first professional men only were employed, but later, intelligent men without special training applied themselves to the work and became tolerably proficient in it. In

*Gourlay, *Statistical Account of Canada*. I., 122.

some parts of the district, however, immense tracts of land were put into the hands of single individuals who made profitable disposal of it to settlers, laying it out in townships as they saw fit; Colonel Talbot receiving, for example, 131,130 acres in the London district, and 171,200 acres in the Western, in lieu of a pension.

Each township occupies precisely the same land now as it did when first laid out in concessions and lots by these surveyors, but it is vastly different in wealth and population, yet not more different in these than it is in its power as a municipal corporation.

Some idea of the growth of wealth which has gone side by side with the development of township institutions may be obtained from the following table of the amounts paid in taxation by the Township of Westminster during the period 1826-1888. All direct taxes previous to 1850 were paid to the district treasurer, and accordingly the figures for that period are taken from the treasurer's books. After 1850 they were paid to the township officials, and the figures are taken from the collectors' rolls.

				£	s.	d.
Under town meeting and quarter ses- sions system.	{	In 1826 Westminster Township paid tax		2	19	1½
		" 1831	" " "	96	13	11
		" 1836	" " "	142	7	6
		" 1841	" " "	166	7	6
Under district coun- cil system.	{	" 1843	" " "	143	11	0
		" 1846	" " "	422	6	8*
		" 1849	" " "	549	15	7
Under the present municipal system.	{	" 1853	" " "	1,054	0	8
		" 1857	" " "	3,377	9	3
		" 1866	" " "	\$16,917	11	
		" 1876	" " "	\$19,025	00	
		" 1886	" " "	\$28,293	70	
		" 1888	" " "	\$32,436	00	

These figures do not show an increased extravagance on the part of local authorities with every change towards self-government. What they do indicate is: first, the increased wealth of the township; secondly, the growth of municipal institutions necessary to meet a widened conception of the needs which local government should satisfy. The increase was most marked when the government of the township was taken out of the hands of the nominated justices in quarter sessions and transferred to an elected council, and it has increased ever since. The wealth of a township and the expense of local government may perhaps be compared with the fixed and circulating capital of business. In most businesses with the increase of the fixed capital that also of the circulating becomes necessary. This increase in the circulating capital, however, will be provided only if those who have to provide it have also the power to decide the amount necessary and the way in which it shall be raised; and so with the township. In 1841 inhabitants were up to 1841 growing richer and have been growing richer since, but they would never have yielded such increased sums to local government had not local government been placed in their own hands. The people themselves, so to speak, have, since 1841, been not only proprietors of the township as they had always been, but the proprietors and managers of its institutions also.

It is necessary here to say a word or so concerning villages and towns, in the present legal sense of those terms. Townships, villages and towns all stand on the same plane, the lowest units of local self-government. For unlike some other countries, in Ontario neither villages nor towns form part of townships, or are regarded as situated within them. As soon as a portion of a township acquires a population of such numbers and character as to entitle it to be called a village or town, it can and does cut itself off from the township to which it has belonged. It is no longer regarded as part of that township; but it at once

*The great increase between 1843 and 1846 will be explained later by the changes in local administration.

sumes relations to the larger area—the county—in which both are comprised, exactly the same as those of the township it has left.

If a hundred ratepayers, fifty at least being freeholders, of a particular locality petition the county council to create a village, and it can be shown to the satisfaction of the council that there is in that locality a population of at least seven hundred and fifty souls, occupying an area not larger than five hundred acres, the council may grant their petition, specifying in the by-law made for that purpose what lands shall be included in the village, and appointing a returning officer to conduct the election of the first village council. When a village reaches a population of two thousand, it may be created a town by the Lieutenant-Governor's proclamation, but it will still remain part of the county system. The steps by which a town, in some cases, becomes separated from the county, or reaches the dignity of a city and is thereupon altogether removed from the county system, need not be dwelt upon here.

In nearly every township there are lands surveyed as village lots (by some private individual who thinks it will be a profitable thing to do with his farm) and a plan of the survey registered in the registry office of the county. Here a population of two or three hundred may be living, and the land thus surveyed is constantly called a village by the inhabitants. Moreover, for convenience in township assessment and in transference of titles, it is called an "unincorporated village;" but so far as local government is concerned it is, until officially cut off from its township, simply a part of certain lots in a certain concession of that township.

The further discussion of this subject will be divided into three parts: The first part will consist of a description and comment upon our local government under the old town meeting and quarter sessions system, established by the Act of 1793, intituled "*An Act to provide for the nomination and appointment of parish and town officers.*" The second part will be similarly devoted to the system of local administration in which the district council is the important feature, introduced by Mr. Harrison's Act of 1841; and the third part will consist of an account and criticism of our present system of local government, established in 1849 by the Municipal Act, which has been copiously amended and reconstructed but not altered in essential principles.

The facts now to be narrated have been learned from observation of the actual working of local government, and from the records of local government, in the townships in the vicinity of the City of London, and I do not wish to imply that my account will be equally true of all parts of this province. But as the general frame-work of local government is uniform throughout the province, what is true of any one district will probably be approximately true of most Ontario townships.

Section 2.—Local Government under Quarter Sessions and Town Meetings.

As the Act of 1793 is not of convenient access it may be well to quote here its most important provisions:—

"I. It shall be lawful after the passing of this Act for any two of His Majesty's justices of the peace, acting within the division in which any parish, township, reputed township or place may be, to issue their warrant, giving eight days previous notice to the constable of such parish, township, reputed township or place, authorizing him, on a day to be fixed by the said justices in the present year, and on the first Monday in March, (amended to the first Monday in January, 51 Geo. III.) in every ensuing year, to assemble the inhabitant householders, paying, or liable to pay to any public assessment or rate of such parish, township, reputed township or place, in the parish church or chapel, or in some convenient place within the said parish, for the purpose of choosing and nominating the hereinafter mentioned town or parish officers, parish or town clerk, assessor, collector, overseers of highways, pound-keepers, and two town wardens."

V. The overseers of highways "are hereby authorized and required . . . to view and determine upon the *height and sufficiency of any fence* within their respective

"township . . . , conformably to any resolutions that may be agreed upon by the said inhabitants at such meeting."

This Act, under the authority of which our local government was originally established, recognizes that there are certain parts of a nation's administration which must, if any degree of excellency is to be attained, be left to the management of local officers; and not only was this recognized, but a system of local administration had already been arrived at with officers whose duties and modes of appointment were understood by the people. From this point, we have ourselves worked out a system of local self-government, at once enlightened, free, and efficient; and I shall attempt to trace the growth of this system through its more important stages.

It must not be supposed that it was from any idea of the justice or fitness of self-government, that in this Act some shadow of self-control was given to the people in their local affairs. The idea of self-government was not then a dominant one among the governed any more than among those who ruled. The whole system was conceived in a spirit of expediency; the scheme was a convenient one for the state of the country, and the people understood how to work it, many of them having knowledge of a similar system in their native places. When it was inaugurated it was perhaps thought by the great majority to be the best that could be devised. It eventually proved itself, however, far too narrow to meet the demands of a rapidly developing people. Our system of government was at this time highly centralized, but ever since the passing of this Act, there has been in Ontario an almost continuous relaxing of power and responsibility into the hands of the people themselves; self-government has been slowly becoming a matter of reality, and in no part of our polity has this shifting of the seat of power from the few to the many been more marked than in our local administration. The township is the unit to which much of this centralized power and authority has steadily, though slowly, filtered down; and while it has always been the smallest unit of self-government, it has also been that in which the people have most directly participated in the work of government.

The quality and quantity of power, which was intended to be put into the hands of the people assembled in "town meeting" or the general assembly of the township, may be seen by the very first words of the Act of 1793, "Whereas it is required for the maintenance of good order and the regular execution of the laws that proper persons should be appointed to superintend the observance thereof." From this it is very evident that it was not intended to entrust to the people assembled in their several townships any independent power of regulating their local affairs. They were merely to appoint officers to carry out the orders transmitted to them by the central government. The only matter on which the town-meeting was given any discretionary power by the Act of 1793 was the regulation of the height of fences; to this was added by an Act of the following year the determination of the conditions under which cattle, horses, sheep and swine should be allowed to run at large. But one cannot examine the records and appreciate to any considerable extent the feelings of this time without being convinced that it did not need an act of parliament to institute town meetings in this part of Ontario. On the contrary one will feel that there would have been town meetings had there been no parliament in existence, that the Act was required as much to limit the powers which might be exercised in these meetings as to provide that certain power should be exercised there.* Instead of needing to be summoned to town meetings, they were anxious to meet in this way. Instead of needing to be invited to exercise the little authority put in their hands by this Act, they were continually seeking wider powers. However small might be the authority actually granted, the very fact of their meeting and choosing officers and exercising the meagre powers given them must gradually create in a people of strongly democratic tendencies a keener desire and greater ability for self-government. When they met discussion ensued, rules of doing public business were evolved, and men were constantly brought to think of the necessity and the advantage of local administration.

* Indeed, in the Journals of the House of Assembly the bill is described as one "To authorize Town Meetings, for the purpose of appointing divers Parish Officers."—Sept. 19, 1792.

The first town meeting for the Township of Westminster, held under the authority of this Act seems to have been held in 1817. The first patent for land in Westminster, would appear to have been issued about 1812, the patent-book not giving the exact date. There had, however, probably been town meetings in the township previous to 1817, or something very similar, because in the record of the meetings of 1817, it is called the "annual town meeting." All the business of the township for the ensuing year was transacted at this meeting. The records show that it consisted in choosing and appointing one town clerk, two assessors, one collector, two town wardens and two pound-keepers. These were to perform duties assigned them by the Provincial Government, and that government at that time was but little influenced by the popularly elected Assembly. The one semblance of self government shown in the record of the year's business is written at the bottom of the list of names of the men appointed to the above offices.

"Voted that the height of fences for the year shall be four feet six inches high ; the four under rails shall not be more than four inches apart."

"Voted that hogs shall be free for the year 1817."

By this was meant that hogs should be allowed to run on the public highways of the townships, every man being required to protect his crop against his neighbor's hogs and other live stock with such a fence as above described.

Here is the record of all the municipal business done for the Township of Westminster for the year 1817, written on less than a sheet of note paper. Local government through the medium of townships was indeed meagre. The right to assess and collect tax from one's self, when one has no voice in deciding what shall be the amount of that tax or in what way it shall be expended, is not a very desirable one. Roads were much needed, but many soon began to feel that the people in the vicinity of the road knew better than the government at Toronto what amount of statute labor was necessary in their particular neighborhood.

Let me show as nearly as possible, from the information I have been able to obtain, in what manner the several officers executed their duty and in what that duty consisted. The first duty of the *town clerk* was to keep the minutes of the town meeting and to transmit the same to his successor in office. He had also to make a list of all persons in the parish of every age and sex, and forward the same annually to the justices by whom the warrant for holding the town meeting was issued, in order that these justices might lay the same before the Court of Quarter Sessions. This latter duty was soon neglected by the clerks and done away with by act of parliament.

The *assessor's* duty consisted merely in drawing up a list of each man's property. He did not even enter the premises of the men assessed, but contented himself with asking them, usually on town meeting day, in what kind of a house each lived, how many stoves and fireplaces there were in each house, how much arable and meadow land, how many cattle, horses, sheep, pigs each possessed. Every proprietor was liable to a fine if he gave in a list misrepresenting his property. Some parts of this list of information were very imperfect. How much cleared and wood land and how much live stock each owned were the parts of the assessment roll which were important and reliable. The assessor made no attempt at valuing the various possessions, his designation being therefore a misnomer. The value to be assigned to each acre, horse, cow, etc., was determined by provincial statute. All that the assessor did was to forward to the Clerk of the Peace a list of the property owners and a description of their property, showing in what it consisted. This list was called an "Assessment Roll" and from it the Clerk of the Peace proceeded to make the "Collectors' Roll." In this his office was merely mechanical. Besides the general tax, two special rates may be mentioned, which were levied in accordance with provincial statute by the quarter sessions. Of these, one, to provide a salary for the members of the Provincial Assembly, was first imposed in 1803 and continued to be levied till 1840; the other, which was fixed by law at one-eighth of a penny on each acre, was for the building and maintenance of asylums for the insane, and this went on as a separate tax till 1857.

The greater part of the direct taxes, however, was imposed by the magistrates in quarter sessions. They decided what rate was necessary in each district, and sometimes ordered special rates for townships and parts of townships, for purposes of local administration. In accordance with the orders received from the quarter sessions, the Clerk of the Peace wrote in the collector's roll opposite each man's name an amount of tax in proportion with the value assigned by statute to the list of property the assessor had returned him as owning.

The roll was then put into the hands of the *collector*, who proceeded to collect from the people the amount of money set opposite their respective possessions. From this it is easily seen, so far as assessors and collectors were concerned, that although they were appointed by the townships in town meeting, they were appointed to execute the orders of an authority over which neither township nor town meeting had the slightest control. Thus the township exercised no power whatever in the matter of taxation, and the "town meeting system" was little more than an arrangement by which the government could levy and collect their rates from the people with the least expense. But it did a great deal more than this—it educated the people.

The *overseers of highways* executed an important function in the then rough condition of the roads. According to the original act of 1793 there were not to be more than six "overseers" in each township; afterwards this limit was raised to fourteen, then to thirty and finally it was left to the people to appoint as many as they considered necessary. Each male inhabitant between the ages of twenty-one and fifty years was required to perform annually by himself, or an "able-bodied" substitute, three days' labor on the roads in his own neighborhood. Additional days were added for those who owned valuable property, every £25 assessment requiring an extra day. The duty of the overseers of highways, or "*pathmasters*" as they were and still are popularly called, was to call at the house of the several inhabitants of his "division," or "beat," as it is commonly called, and warn them to come at a given time and work, as by law required, upon the highway at a certain place. The overseer also ordered what kind of tools each should bring, what kind of work should be done, whether the highway should be drained, graded, "chopped off" "logged" or graveled. In short he was given almost complete control over a number of men who were obliged to perform the work he ordered, but he was supposed to arrange this work in the manner most advantageous to the neighborhood. This the overseer generally did, but not always. If any overseer misused his power, at the following town meeting he was taken to task, the matter was discussed by the men of the neighborhood and if it was thought that the overseer had distributed the work to specially benefit himself or some friend, he was displaced and a new man elected to the office. This punishment no pathmaster desired to provoke. The office freed him from the performance of his own statute labor, but this was not a greater consideration than the loss of importance and the discredit that followed dismissal for such a reason.

Another duty of the pathmasters at this time was to decide whether any fence, concerning which there was a dispute, was or was not up to the standard required by the "town law" as "voted" at the last town meeting. These disputes arose when any live stock broke down a man's fence and destroyed his crop. In such a case the man who owned the crop would call the pathmaster to decide, first whether the fence was up to the standard; and secondly, if the fence were found to be satisfactory, what was the extent of the damage, as for that amount the owner of the cattle was responsible to the man suffering the loss.

In 1834 the duties of the pathmasters as to fences were transferred to officers known as *fence viewers*, whom the Legislature ordered to be elected in each town meeting. The need for fence viewers arose from the fact that disputes were constantly arising about "line fences," *i. e.*, the fences which separated one man's land from the farm lying adjacent to it. When one settler had fenced his farm on four sides, the next settler came and by fencing *his* farm on three sides and joining his fence to that of his neighbor he was quite as well off as the first settler, although he had done only three-quarters as much work. It became the province of the fence viewers to say whi

amount the new man should pay for being allowed to use his neighbor's fence. They also were to settle disputes about drainage. These officers are now appointed by the township council, and have power to decide disputes concerning fences, but have no authority concerning drainage. They have never acted singly, three forming a full court, and two a quorum. If they are called upon to settle any dispute, they file with the township clerk an award setting forth what they order the several parties to do. If any person neglect the orders of the award, any of the other interested parties may perform the work and charge the cost of it to the negligent party's estate.

In contrast to the overseers of highways, assessors, collectors and town clerk, who were elected only to execute duties imposed on them by statute, *pound keepers* were entirely servants of the town meeting. They impounded animals only in case they were found violating the laws voted by the town meeting; they fed them as the same body ordered, and they charged just such fees as were "voted to be just" by the same authority. The person who found another man's cattle destroying his crop might drive them to the pound. It was and is the pound keeper's duty to take charge of these cattle and retain possession of them until the claim for damages is settled, if the man impounding the cattle made such claim; and also until he himself is paid for his trouble and the food the animals have consumed while in the pound. All these payments were generally made to the pound keeper in the first instance, who handed over to the aggrieved party the amount awarded him by the pathmaster or later by the fence viewers. Of course all this proceeding was subject to reversal in a higher court, but this is the manner in which it was and is actually done. The pathmaster or fence viewers were called to the scene of destruction by the party injured and were paid for their trouble by the man owning the cattle if it was decided that the destruction was owing to the viciousness of the cattle, and by the owner of the crop if it was decided that it was owing to the insufficiency of the fence.

Town wardens were annually appointed in Westminster Township, but they do not seem to have been congenial to the place or time. The records do not show that they performed any service to the general public in the township. Men who know much of the public acts of other officers know nothing of town wardens. They had quite important duties assigned them by the statute, but in this township at any rate they did not execute them. In East Williams the town wardens drew up many of the rules concerning pounds and pound keepers; in most places, however, they were formulated in open town meeting. It would appear from the statute that the quarter sessions alone had legally the power to make such regulations, but it would seem to have seldom acted upon this provision.

The town meeting is the one feature of our early local administration which still exerts a potent influence on the great mass of our rural population. It is even now only a more decorous copy of what it was at the opening of the present century. At that time these meetings were very noisy and informal. Mr. John Carey, afterwards Superintendent of Schools for the Township of Caradoc, was appointed assessor at the first town meeting for that township, which was held early in the twenties of this century. "It was held," says Mr. Carey, "in the open field and was attended by nearly every male inhabitant of more than twenty-one years of age. It was boisterous in the extreme. Mr. Hugh Anderson was appointed town clerk, and wrote down the minutes for the first, and afterwards for several succeeding years, on loose slips of paper, which were speedily lost. The most noisy and forward fellow in the crowd called out some fellow-citizen's name in connection with some office, the crowd shouted their approval, and the clerk wrote down the name. The man was practically installed in his office by this rude process." There can, however, be discerned throughout the period prior to 1841 a gradual improvement in orderliness at the meetings as well as a slight improvement in the practical results of their deliberations. The questions which most agitated the minds of our rural legislators were whether live stock should be allowed to run at large, and what constituted a lawful fence. The opinion that everything except swine and vicious animals should be free commoners prevailed during this period. There was then much unfenced and unoccupied land which afforded pasturage for a large number of cattle, horses and

sheep; it was therefore during that period well worth the trouble of securely fencing the little land under crop, in order to make available the great extent of unfenced pasture. There was much discussion as to whether swine should be free commoners. There is a season of the year when swine will actually fatten in our forests; so that there was a strong economic reason for permitting even them to run at large during the autumn months, when the large area of woodland still unfenced was strewn with nuts from various trees. An attempt was made to frame the "Town Laws" so that advantage might be taken of these months of plenty without leaving the highways exposed to the destructive rooting of the hogs during the whole summer. This, however, was a failure. The swine did nearly as much damage to the ditches on the highways in one month as they did in six; and the autumn months are the worst for them to be at large, because the ripening crop is in constant peril from their ravages. After the people had vacillated for some years between the two opinions, the swine were finally denied the privilege of running at large. Each year, for nearly twenty years, this question was up for discussion at the town meeting, and the "pros" and "cons" were weighed. Sometimes it was decided one way, sometimes the other, but never without much discussion. The two questions, what shall be a lawful fence, and what shall be free commoners in the township for the year, were the only questions concerning which town meeting might really legislate, but they might and did discuss far weightier matters. Public sentiment on the largest public questions was here fostered. This, however, was not so important or valuable as the quality of mind that was developed. Little as was their law-making power, it was enough to show every man present the real necessity for laws, how laws were made, that laws were simply rules which ought to be the most advantageous that could be devised for the community, and that the community had an undoubted right to change these rules if they saw that a change would be an improvement. It was the conception of law that was fostered in the men of Ontario by their town meetings which led in a large measure to the establishment of responsible government in the Province.

To persons who to day see the extensive and intricate work done by our County and Township Councils, the question will at once arise, "How was this work done under the town-meeting system?" This question admits of no short answer. A large proportion of the work was not done at all. The Provincial Legislature did some of it, the great trunk roads having been built by commissioners appointed and paid by the Provincial Government. But the major part of the administration of local affairs was in the hands of the magistrates in Quarter Sessions. A full and careful study of the "orders" of the different District Courts of Quarter Sessions would, I believe, do very much to explain and justify the irritation which was so prevalent during the time that these courts exercised their taxing and regulating authority. The Court of Quarter Sessions was composed of the magistrates of the district. The London district consisted of some thirty-two townships which may be roughly described as those now constituting the counties of Middlesex, Oxford, Huron, Elgin, Brant and Norfolk. All parts of these counties were not, of course, then settled, but over their territory the Quarter Sessions of London district exercised authority. At some of the sessions of this court I find that twenty-three magistrates were present, but the usual number present was from six to eleven. They appointed a chairman from among themselves who was pretty regular in his attendance. The court met always four and sometimes five times a year. Of their wide judicial powers I shall say nothing, but pass at once to discuss their administrative and taxing authority.

In the minutes of this court for the London district, is an order directing the district treasurer, whom the court appointed, to keep his accounts of disbursements under these four heads: "Expense of Judication;" "Expense of Roads;" "Expense of Gaol and Public Works;" and "Miscellaneous Expense." This shadows forth the nature of the public business over which they exercised control. They levied whatever amount they deemed necessary to provide for the expense they saw fit to incur in connection with these affairs, the only limit put upon their taxing powers being that the whole tax should not exceed two pence in the pound on the assessment. The limitation on local taxation still exists, being now two cents in the dollar. This tax was gathered from the inhabitants of the several townships and deposited with the district treasurer through

medium of the township assessor and collector, as already explained. The assessor reported in his roll the amount of property in the township; provincial statutes determined how much this property was to be valued at, and the district Quarter Sessions ordered how much money was needed by the district for public purposes, and "struck the rate" in a pound necessary to raise that amount.

The records of this court show no shadow of unfairness; but the men, who know the ways of doing business there, are many of them loud in complaints of arrogance and partiality. Any part of a road became very bad, a petition praying their worships to grant a sum of money for the repairing of such road, was circulated and signed by the inhabitants of the neighborhood where the road was situated. Sometimes this petition was granted, sometimes ignored. If the interested parties had a friend among the magistrates, the chances of receiving a grant for the improvement of the road were very much enhanced, but if one of the magistrates happened to be interested in any of the petitioners, the likelihood of their receiving a grant was so much the less. When a new road was needed a petition of twelve freeholders, residing in the vicinity where the road was required, was laid before the district surveyor of highways, an officer appointed by their worships. This officer examined the neighborhood and laid out the road, presenting his plan of the road together with his report at the next meeting of the court. If no local proprietor objected, the magistrates ordered the report and plan to be registered, and declared the road "established." If, however, the road was carried through private property, the owner of which was dissatisfied with the compensation offered to him, a jury was sworn to find what "damage" the owner of such property should receive; and likewise if any disputes arose as to whether the surveyor had ordered the highway to be constructed in the proper place, a jury decided the matter and their worships ordered the road to be established according to the verdict of the jury. This seems to have been perfectly just and satisfactory; but when it came to the actual building of the roads the people found it very difficult to obtain a fair and judicious distribution of the public money. Indeed, a fair and judicious distribution of the funds it was impossible for the magistrates to make. Their worships did not and could not know the immense territory composing the district well enough to act with proper discretion in every case. It was quite customary therefore, when improvement in the highway was needed, for the people of the neighborhood to make the repair by voluntary contributions, preferring this to undergoing the ordeal necessary to extract the money from the justices. It must be remembered, however, that in order to give liberally, the magistrates would have been obliged to tax heavily. This they did not and could not do, as the people would never have entrusted them with the handling of any greater sum of public money than was positively necessary. The pittance of tax paid by each man at that time was not paid with half the good will that twenty times the amount is now paid. The statute labor was, of course, always applied to the roads; and at this early time it was very efficient, much voluntary work being done over and above the requirement of the statute. There was a special rate of one-eighth of a penny in the pound levied on absentee lands, the proceeds of which were to be applied to the improvement of the roads; each township being entitled to receive from the district treasurer all the money paid in it as absentee tax, the money to be applied to the improvement of its own roads. Each magistrate by this means would have the absentee tax for at least one township under his control and might with this supplement the statute labor. They often issued an order directing some "pathmaster" to have all the work in his "beat" expended at some certain place. Remembering who the pathmasters were, how they were appointed and to whom responsible, such interference was likely to be very annoying, especially if it was thought that especial benefit would be derived by some magistrate or his friend from such a disposition of the work. All the public funds available for the building of roads and bridges in six counties were in the hands of these eight or ten men appointed for life by the Government. In the matter of roads and bridges they were indifferent and incompetent; they neither knew the needs of the district nor were they sufficiently anxious to supply them to make them officers at all fitted to open up a new country. In the matter of the gaol and other public works the court was also invested with large authority. They prepared plans and estimates for the building of a gaol and court house, of what dimensions

they deemed fit, erected these buildings and ordered the people to pay whatever expense had been incurred in the process. Their workshops also ordered what fare the prisoners should get, and contracted for the supply of provisions; they ordered what fees the district officers should receive; they had control of public charity and occasionally voted a pittance for the relief of an unfortunate pauper. They exercised the right of granting or withholding the authority to solemnize marriage, ministers of any but the English church being allowed to perform this ceremony only after much trouble and annoyance. Besides this large statutory authority they might venture on almost any stretch of power and no person was willing or able to make question of their actions. A body of public officers with such large and unrestricted powers, would now be considered by the people somewhat dangerous even were its members annually subject to popular election. The magistrates, however, who exercised these enormous powers in quarter sessions were appointees of the government, who often had very meagre qualifications to recommend them for public office. They were frequently old army officers with pensions, almost always men of sufficient income from some source to render them indifferent to, and independent of the hardships and wants of the average hard working settler. Canada was perhaps nearer having an aristocratic class at that time than she has ever been since; these men had not enough in common with the great majority of the settlers to make them wise and considerate local administrators; many of them were very ignorant and others were addicted to the vices common to unemployed men. Their incompetence and arrogance were not so much noticed, nor indeed was there so much of it during the earlier period of their existence; the people had then but little to ask from local administration, but when they began to demand active and progressive local government these men were at once found a hinderance. The people desired large improvements, but, the magistrates being what they were, they dared not or would not trust them with the necessary funds for doing the work.

From "The Seventh Report on Grievances" printed by order of the House of Assembly in 1835, we find that many of witnesses who had recently appeared before a Committee of the House had been examined on this subject.

*432. "Are men chosen to fill the commission of the peace and the offices of the district who have been long resident in it or are strangers more generally preferred?—Latterly strangers.

433. "Are the justices of the peace resident in your county chosen exclusively from one party of politics, or indiscriminately from respectable men entertaining various political opinions?—They are principally half-pay officers and strangers; I mean the later appointments.

435. "Do you think the Lieutenant-Governors of themselves possess sufficient knowledge of the inhabitants of the several districts to enable them to select judicious persons as justices of the peace?—I should rather think not.

364. "A very large sum of money collected by direct taxation is annually entrusted to the magistrates, they being irresponsible to the people either directly or indirectly, would it not be more in accordance with the genius of the constitution if these moneys were placed under the control of persons appointed by the qualified electors?—I think the monies would be better managed under the control of persons appointed by the qualified electors."

It should indeed be mentioned that some witnesses answered these questions in a sense exactly contrary to the answers here quoted. It was a generally received opinion, however, that the magistrates had most of them at this time become branches of that much maligned party known as the "Family Compact," which had fixed its roots so deeply in the heart of the Central Government that it was able through its power of appointing magistrates and other functionaries to exercise a surveillance over the minute details of local administration. To say that every magistrate was a tool of the ruling official clique would perhaps be too much, but this much at least is certain—the Family Compact did not hesitate to dismiss magistrates who became active in advocating responsible government.

* The numbers refer to the number of the question in the Seventh Report.

In dismissing this section of my subject I must say by way of recapitulation : that the town meeting and quarter session system of local government was originally conceived with perfectly honest and good intent ; that as long as it was honestly administered by the central authority it was tolerably efficient, although the statutory valuation of the assessment list often led to injustice : its viciousness lay not in the theory of the system if honestly administered, but in its extreme liability to mal-administration ; and this mal-administration made its appearance just as soon as the country was sufficiently developed to make it profitable. This, however, was not altogether the outcome of the local organization itself ; our whole civil policy was such as to encourage its abuse. The entire administration of the country was in a clogged state. From the highest executive body to the lowest, the people were not willing to entrust their money to the men who were in authority, and through whose agency must be carried out whatever public improvements had to be made. The town-meeting during this period was of great service, not only as a place where political thought was fostered, but also as a means of communication where each farmer learned that the other men of his township were of the same mind as himself concerning the administration of public affairs. It was in this general discontent and desire for a more progressive state of things, that "the rebellion of 1837-8" consisted. The body of citizens who took up arms was very small compared with the number who would have done so, had they not hoped for a speedy reform without recourse to violence, and had they not considered it a sacred duty to "be subject to the powers that be." While the rebellion is to be deplored for some reasons, we must on the whole look upon those who suffered in that strife as martyrs to the great cause of responsible government, the fruits of which we have ever since enjoyed. Previous to this time our local government was paternal, since then it has been responsible.

Section 3.—Local Government under District Councils.

The outcome of the struggle which had been going on for years, and which culminated in the rebellion was, so far as local government is concerned, the establishment of the district councils throughout the province. Owing to the pressure brought to bear on the Colonial Office at the time of the rebellion, Lord Durham was appointed by the Imperial Parliament to inquire into the questions involved in the Canadian troubles. Nothing can be more certain than that this astute statesman saw plainly that the whole mind of the populace was bent on having, and really needed a new system of local government. The old system under which every tax and every office was at the will of the Governor and Council or their appointees, was thoroughly worn out and rejected. "Lord Durham's Report" on this part of his immense subject is still a storehouse of municipal wisdom, although so often plundered. My sole task however, is to deal with the institutions which have been in actual use amongst us ; hence I will at once proceed to indicate the nature of the system of local government introduced by the Act of the Canadian Parliament intituled "An Act to provide for the better internal government of that part of this province which formerly constituted the Province of Upper Canada, by the establishment of local or municipal authorities therein."

By this Act district councils were established throughout the Province of Upper Canada, and to these councils was transferred the administrative authority formerly exercised by the magistrates in quarter sessions, besides other specifically named powers. Each council was to consist of men chosen by the assessed inhabitants at their annual town-meetings. Up to this time the voting at these meetings had been by show of hands or by "standing vote." Now that it was necessary to elect men to perform such important duties as devolved upon a district councillor, this rough mode had to be abandoned. A poll book was henceforward kept in which each elector's vote was recorded. In townships where there were more than three hundred electors, two councillors were chosen, but where there were less, only one ; every township having the right to be represented by at least one councillor. For some time after the inauguration of these councils, the districts were composed of the same townships as under the quarter sessions system. The town-meeting continued to exercise its old powers of electing officers

for the township, and making town-laws, as well as the added function of electing the district councillors. From this it will be seen that the affairs of the township went on much in the same way as under the previous system; the only difference being that the men who administered the district affairs were now responsible to the people, whereas they had before been irresponsible. Although there was a great change in the spirit in which local administration was carried on, there was no important change in the plan of local government; a new set of men were elected to work the old machinery, and they proved themselves capable of turning it to better account than their predecessors, the magistrates, had done.

During the eight years that these councils were in existence throughout the province, the council of the London district passed one hundred and sixty-four by-laws, dealing with many subjects. This was a vast change from the old state of affairs. It must however, be remembered that every by-law of each district was laid before the Governor in Council, and might be vetoed by him. This power of veto was, however, very sparingly used, as far as the London district was concerned.

To one who has lived only in a country and an age where the spirit of democracy seems to permeate the very soil, it is almost provoking to see the reluctant piece-meal manner in which all central authority seems to relax its grasp on power, and to grant to the people themselves what now seem their plainest rights. Even in this Act, establishing in some ways wide democratic municipal institutions, the government could not find it in its paternal heart to leave in the hands of the district council, the people's representatives, chosen tri-annually under a wide franchise in open town-meetings, the power to choose their own permanent officers. The warden was appointed by the Governor in Council. This was done perhaps in imitation of the Provincial Government which received its Governor from the hands of the British authorities; but the reserving to the Governor in Council of the right to appoint a district clerk, a district surveyor and a district treasurer, seems to indicate an undue craving for power and patronage. There can be no doubt that four men in the positions of warden, clerk, surveyor and treasurer, could wield important influence at any parliamentary election, because their constant intercourse with the public, and their opportunities for doing small official favors must give them a great influence with the electorate. There are, however, other reasons for this seemingly undue retention of power. One cannot enter into the spirit of that comparatively modern time, without feeling that there was an honest fear on the part of the provincial authorities lest the people should not use their powers even to their own advantage, and that these same provincial authorities honestly doubted the people's ability to exercise sufficient discretion in the choice of their officers and the execution of their business. It cannot now be maintained that these doubts were wholly without foundation. The wholesale manner in which municipalities contracted public indebtedness is the clearest proof that it was quite possible to grant too much power to the people in their then stage of development. Again, considering the proximity of the Rebellion to this period, we must also admit that the provincial government had some grounds for fear that too wide authority in the hands of these little district democracies might be detrimental to the central authority, especially since a large amount of revenue was collected through the district councils. Another consideration is found in the fact that the old officials who had served the quarter sessions might have been summarily dismissed by the district councils, thus causing them grievous loss, had the appointment of these officers been at once entrusted to the council.

The men who were chosen by town meetings as district councillors were the best the townships afforded. They were practical men who took hold of the work of opening up the townships much more vigorously than their predecessors, the magistrates in quarter sessions, had done. They knew the state of nearly every road and every bridge in the district. If any elector needed improvements in his neighborhood, he went to the district councillor representing his township and stated his needs, and requested the councillor to come and examine the situation. Any district councillor who was not obliging in thus listening to the petitions of the electors was not likely to be re-elected. In this way, by the combined knowledge of the councillors, the needs of the district at any particular

time were pretty well understood. Their authority extended over all public works which, in their judgment, were for the good of the district, and of which the estimated cost was not more than £300. If the estimated cost was more than that, plans and estimates of the work must be submitted to the board of public works, the estimates being made by the district surveyor, who owed his appointment indirectly to the Provincial government. Indeed, all works of importance were examined and reported upon by this officer before the council took any definite steps. They passed by-laws raising whatever funds were necessary to meet the expense incurred in administering the affairs of the district. This money was generally levied on the old plan, in which the assessors appointed at town meetings transmitted to the district officers a list of the property owned in each township, the provincial government determining by statute at how much this property should be valued; the district council, however, instead of the magistrates, decided what rate in the pound upon the total assessment was necessary to supply funds enough for public purposes. The collector of each township still received his roll in which each inhabitant was charged with his share of the necessary tax as apportioned by this method. The first by-law for raising money in the London district did, indeed, levy a tax of one penny on each acre of taxable land in the district; this, however, was exceptional, the other method being more generally followed. The injustice done to some parts of the district by the government assigning by statute a value to each piece of taxable property can be well illustrated in the county of Middlesex. The county council there "equalize the assessment" by estimating the average value of the land per acre through each township. These men are enlightened and capable men with much better facilities for determining the value of land than the government had at the time they passed this statute, and they in 1881 estimated the land in Caradoc township to be worth an average of \$21 an acre, and that in Westminster township an average of \$50. According to the old system, they would both have been valued alike, and would each have paid the same tax per acre.

The meetings of the council for the London district were held four times a year in the city of London. These meetings were orderly and business-like, and the by-laws then passed are models of terseness and perspicuity. Sixteen of the twenty-six by-laws passed during the first year of the council's existence were to provide for the maintenance, establishment or alteration of roads. The other ten by-laws specified the duties and the salaries of the district clerk and the district treasurer and the mode of obtaining money from the treasurer, *i.e.*, on the authority of a by-law of the council; levied a tax of one penny in the pound on all assessment in the district; imposed a fine on members absenting themselves from the council (it must be noticed that the members at first received no salary); regulated prison supply, in which was included salaries of prison staff and prison diet; provided money for the "administration of justice expense"; prescribed the manner of performing the statute labor; and provided clothing for indigent persons on leaving gaol. This indicates pretty clearly the scope of affairs over which the council's authority extended. They did, however, determine other matters, which may be here indicated. In 1843 a by-law was passed creating seven school districts in different townships, and providing for the assessment of the inhabitants in an amount sufficient to build school-houses in each of these districts. This tax was not a district tax, but levied on the inhabitants of the several school districts or sections, each section receiving for its sole and only use the whole amount paid to the collector by the inhabitants of the section less the cost of collection. In 1844 a by-law was passed appointing a superintendent of common schools for the district, and a superintendent of common schools for each township. In the same year a by-law was passed levying a tax of £80 "for the maintenance of one model school for the period of one year from the establishment of the same." In the same year, 1844, a by-law was passed raising an amount equal to the provincial grant (*i.e.*, £1,245 8s. 3d.) for the maintenance of public schools. This levy was apportioned not among the school sections but among the townships, Westminster paying for example £138 to this tax. The district council ordered the proportion in which it should be collected from the several townships. A by-law was also passed enabling each school section to raise money to pay their public school teacher. It is evident that education was at this time made a

prominent feature of local administration. In 1849 a by-law was passed at the request of "a majority of the persons entitled to vote in the township of Yarmouth" providing for the levying and disbursement of a fund for the support of indigent persons in the township, to be raised from the ratepayers of the same. The township clerk was made custodian of the fund, and rendered his account to the district council, paying out the money on the order of the councillor for his township.

The manner in which the district council dealt with roads and bridges may be illustrated by the by-law which was passed annually for the "appropriation of the surplus revenue of the district." The appropriation was at first quite specific, and the whole surplus was first divided among the different townships. In 1844 Westminster was given £51 "to be expended as follows:" reads the by-law, "£5 in building a bridge across Kettle creek, where it crosses the town line in the 8th concession. Alexander McKellar and Hugh McCrae, commissioners," and so on. In this manner the by-law goes through the whole sum of £800, apportioning throughout the different townships small sums to some particular pieces of work and appointing commissioners to see that the work is executed in a proper manner. It was soon seen, however, that as each councillor knew the needs of his own township only, it practically amounted to each representative's distributing the amount of surplus due to his township. Moreover it was found that the best results were not reached by this wholesale appropriation of the funds. It often happened that a more needy place was afterwards discovered in the township than the one where the money was ordered to be expended; and accordingly after 1845 the district council merely divided the money among the different townships and gave the councillor for each township control over the expenditure of the sum. It was from this annual apportionment that most of the improvements in the public roads at this time were made.

The system of local government just described was in use only eight years. This, however, must not be taken as an indication that it worked ill; on the contrary, the improvement which it was found to be on the older system led to further steps being taken in a similar, though not exactly the same direction.

Section 4.—The Present System.

Our present system of municipal institutions was introduced by an Act of the Canadian Parliament, passed in 1849, although the new plan did not make much impression on the country until 1851. It is not my purpose to give a summary of the original Act, nor to follow it through all the sinuosities of amending and repealing which have befallen it since its introduction. The present Act is in essential principles the same as the first, and whatever good can be derived from a study of it will be obtained by examining it in its present state. Any detailed account of the Municipal Act, even as it now stands, is unnecessary; every one who will may read its enactments; my province is to show how and by whom these paper laws are made actual realities.

The back-bone of local government in Ontario to-day is the township council. This council consists of five members, each of whom must be a resident in the township of the full age of twenty-one years, a subject of Her Majesty the Queen, and a freeholder of township property to the value of \$400, or a lease-holder to the value of \$800, in both cases over and above all liabilities. These five members have equal votes on all questions coming before the council. At the introduction of the present municipal system in 1849, they were all elected to an equally honorable position by the people, that of councillor; and when the five councillors first met they appointed from among themselves a reeve and as many deputy-reeves as they were entitled to by law. Indeed, in townships, which have adopted the "ward system," the councillors still elect from among themselves at their first meeting as many deputy-reeves as the statute allows them. The reeve, however, must now be elected in every township by the direct vote of the electors. When townships are divided into wards, the electors of each ward vote only for a reeve and one councillor, who shall represent his own ward in the township council. I do not think, however, that many of the townships have adopted this arrangement, it being more common for the deputy-reeves as well as the reeve to be elected by the direct vote of the electors.

The number of deputy-reeves a township is entitled to is ordered by provincial statute, and determined in the following manner.

When the assessment roll contains more than five hundred names, one of the four members of the council, who have not been elected reeve, is elected deputy-reeve; and when the assessment roll contains one thousand names, one of the three still remaining members is elected a deputy-reeve (generally called second deputy-reeve); and at each increase of five hundred names on the assessment roll, another of the councillors is elected a deputy-reeve instead of a councillor, until the whole council consists of a reeve and four deputy-reeves. The purpose of this graded scale in electing deputy reeves is to give the townships representation according to their population in the county council, which is composed entirely of the reeves and deputy-reeves of the township, village and town councils. By this means a populous township has a reeve and two or three deputy-reeves in the county council, while a small township is represented by a reeve only; the reeves and deputy-reeves are both county and township officers, while the councillors are township officers only.

The first step in our local government is to elect this township council. Early in December of each year the clerk of each township causes large posters to be exhibited throughout his township, reminding the electors that they are required by provincial statute to meet, generally at the town hall for the township, at twelve o'clock on the last Monday in December, for the purpose of nominating candidates for the offices of reeve, deputy-reeve and councillors (in proportion as the population may require one or more deputy-reeves) to serve in the township for the ensuing year; and that if a poll be then demanded it shall be opened at the several polling places in the township, on the first Monday in January of the next year. On the same poster a plan of the township is given, showing where the several polling places are situated, and also shewing what part of the electors, owing to the situation of their property, must vote at each polling place. The polling place is usually a school-house. An average township will have five or six polling places, with an average of one hundred and fifty votes at each. To the great majority of the electors this notice is unnecessary, as they know the days of nomination and election well enough, and at what polling place each of them is required to vote; and they look forward to this time as one of excitement and interest.

This meeting of the electors, thus given notice of by the clerk, is, of course, the "town meeting" of the older systems, and is indeed still called "town meeting" by the older inhabitants. The meeting is open to any person who wishes to attend, but the electors alone have the right to nominate or to be nominated for office. Every male inhabitant of the township, who is a subject of Her Majesty, of the full age of twenty-one years, and assessed in the township for \$100 or more, is an elector. Every freeholder to the value of \$100, whether a resident or not, is an elector. Every farmer's son at home regularly working on his father's farm is an elector. Every unmarried woman or widow of the full age of twenty-one years assessed in the township for \$100 or more is an elector. I have not, however, known any of these latter to vote at a township election, or to be present at a "town meeting." In a village an elector must be assessed for \$200, and in a town \$300, to procure the franchise in their municipal election. In the ordinary township there will be present five or six hundred men, mostly farmers or men in some way connected with agricultural pursuits. Those living within a mile or two of the town hall will walk over after dinner, but those who live at a distance will drive over in their cutters, pleasure sleighs, or heavy sleighs as convenience may suggest. The hall is generally in a village where there are one or two taverns with accommodation for stabling the horses and providing food and drink for the men. There is generally a good deal of "treating" done on nomination or town meeting day; though on election day, all places where liquor is sold, are obliged by law to close their doors until seven o'clock when all the voting is over and the ballots counted. Both before and after the meeting little groups of electors will be seen standing here and there, discussing all kinds of questions, domestic, municipal, provincial, national. Good-will and loyalty to the township are fostered; men become acquainted with each other, and those who have paid scant attention to the minutes of the township council as they were published monthly in the local press are given the benefit of the observation of those who have followed

those minutes most closely. There is still much to admire in our town meetings, although they have lost every trace of legislative authority. All the officers formerly appointed in town meeting, and all the matters there dealt with are now transferred to the township council. The members of this council, however, are nominated and often elected at the town meeting.

Sharply at twelve o'clock the township clerk takes the chair and declares the meeting open for the nomination of candidates for the several offices: reeve, deputy-reeve and councillors. Order is at once observed, and after a few minutes of modest silence Mr. A nominates and Mr. B seconds the nomination of Mr. C for the office of reeve. Mr. D nominates and Mr. E seconds the nomination of Mr. F for the office of councillor. In this way the nominations continue for one hour or until all who desire nomination have been nominated. Usually many more are nominated than really intend to stand for election. It is a custom in many townships to nominate every man who has any grievance to lay before the electors as to the conduct of the retiring council and also every man who has any proposal to make in regard to municipal matters. Of course it is not necessary that an elector be nominated in order that he may secure a hearing from his fellow electors at this meeting, but it secures a hearing in an orderly way and those who are nominated are generally given precedence in making the after meeting speeches. As the time draws near to one o'clock the clerk informs the electors that the opportunity for making nominations will close sharply at one o'clock. The whole hour is never required for the purpose of making nominations, but no other business is ever entered upon until the full hour has expired, when the clerk declares the nominations closed and leaves the chair.

This ends the part of the meeting enjoined by statute, but so far from any elector leaving the hall at this juncture it is only now that the real interest begins. A chairman (the clerk being generally recalled to the chair) is chosen. Many electors who did not choose to sit out the dull routine business hour of nomination now take their seats in the hall. The chairman calls the meeting to order and briefly states the order in which he shall call upon those present to discuss the municipal affairs of the township. Out of courtesy the members of the council of the current year will be heard first; then those who have been nominated during the hour just passed will be called in the order of their nomination; and finally an opportunity will be given to any elector present to speak. The reeve, who is just finishing his year of office, on being called states to the electors, in a plain way, the work done during the last year in the county council. If there has been a raising or lowering of the county rate he explains why this was. He tries to show that in all his proceedings in the county council he has acted wisely and for the interest of his township. He may also enter into a discussion of the business done in the township council, but this is generally left for the councillors to discuss. If there be any important work pending or any large question to be dealt with by the township or county council during the next year, the reeve, if he be a candidate for the next year's council, states his views concerning such question and outlines the course he will take in the matter, if he be re-elected. The deputy-reeve is then called upon and gives a similar outline of his actions in the county council. If he and the reeve have differed on questions discussed in the county council he tries to justify his own course in the eyes of the electors. Where there has arisen a difference of opinion upon an important matter between a reeve and his deputy it is a part of the morality of municipal politics that the deputy should make this question an issue at the next election and oppose the reeve. The electors then decide between them. In this way warm discussions ensue, in which quite eloquent speeches are sometimes made. The councillors are then called in succession and each gives his account of the work done by the council during the year. If a difference has arisen on any question during this time, each councillor expounds the view he took of it, and tries to convince the electors that this was the proper position to take. In this way, by the time the five members of the retiring council have spoken, nearly every item of business of any importance to the electors will have been presented to them. Then the men who have been just nominated, some of whom were probably defeated at the last election, and have consequently been watching the minutes of the county and township councils for an opportunity to criticize the councilors, are called upon. They discuss the issues which have come before the county and

township councils. The speeches of these new aspirants are generally of a fault-finding character; the office of councillor being rather a thankless one. Most of the electors seem to feel that they do a favor to the man to whom they give their suffrage, and that if any man serves wisely and well, he simply does his duty, is paid for it, and deserves nothing more. If, on the other hand, any councillor has blundered or been derelict in his duty, especially in a township affair, he will certainly be exposed at the town meeting, warmly criticized, and probably defeated at the polls. At the close of town meeting a vote is often taken on local questions of interest. In Caradoc, at the town meeting for 1887, a vote was demanded on the question "Whether any live stock should be permitted to run at large on the highways." The vote was almost unanimous against this practice. This voting, of course, gave no legal force to the opinion expressed, but it led the township council to pass the by-law necessary to prohibit the custom. At the town meeting for Westminster Township, last year, the question was put "Are there too many members in the county council under the present system of municipal government?" The vote was nine to one in favour of reducing the number of members in the county council. When these discussions and expressions of the opinion of the electors, which usually occupy the whole afternoon, are concluded, those nominations which were not *bona fide* are cancelled. This is done by the man nominated asking the clerk to strike his name off the ballot, and securing in this request the concurrence of the electors who made and seconded his nomination. If there remain two or more candidates for the reeveship, or two or more candidates for any deputy-reeveship (i.e., 1st, 2nd, etc., deputy-reeveship) or more than the requisite number of candidates for the office of councillor, then some elector demands a poll, and the town meeting is ended.

The major part of the responsibility of conducting the election devolves upon the township clerk, who in this capacity is called the returning officer. He, in the first place, makes the voters' list, taking the names as returned on the assessment roll. If any elector's name is wrongfully omitted, or improperly entered, he or another elector for him may appeal to the Court of Revision, which is the township council; and if not satisfied with their decision he may again appeal to the county judge; both of which courts have power to insert names or strike them off. From the voters' list thus revised, the clerk makes for each polling-place a poll-book, which consists in a list of the names of those who have the right to vote at each particular polling-place and a brief description of the property on which they found their claim to vote. It is his duty to procure ballot-boxes and a room in which the voting for each polling-division may be carried on; he has the ballot-papers printed, and before the election day, distributes to the deputy-returning officers ballot-boxes, ballot papers, and all the things necessary for conducting the voting. Each year before the council retire, they appoint a deputy-returning officer for each polling-place in the township. It is the duty of the deputy-returning officer to supervise the actual voting; he may, however, secure a poll clerk to assist him. Both are sworn to honesty in the conducting of the voting, and to secrecy as to how any man voted, should they by chance learn. Each candidate is entitled to have, and generally has, in each polling-place, at the deputy-returning officers' desk, a scrutineer, i.e., a man whose business it is to see that the candidate whom he represents is dealt with fairly. He has, however, no authority, the deputy-returning officer being entirely free to act according to his own judgment: the scrutineers may raise objections; if the deputy-returning officer over-rules the objection, the only redress is in *protesting* the election. There are always several scrutineers present at each polling-place, so that the business of voting is closely watched. If any man should attempt to vote who had not fulfilled the required conditions for being an elector, some scrutineer would challenge his vote. The elector would be asked to take an oath that he had satisfied the conditions in question; if he took the oath, the deputy-returning officer would give him a ballot-paper and receive his vote; if he refused to take the oath, he would receive no ballot-paper. All scrutineers take a solemn declaration of secrecy concerning anything that may happen tending to show for which candidate any elector has voted. There may also be a constable appointed to maintain order at the polling-place. It should be mentioned that all these officers, as well as the candidates for office, cast their votes like all other electors, and that they are chosen from the farmers and ordinary citizens.

While all this official preparation for receiving the votes of the electors is being made, the electors themselves since town meeting have not been idle. If there is a keen contest, meetings are held at the different school houses throughout the township. Here the opposing candidates air their oratory and instruct the electors in municipal matters. Every old councillor is sure to be plied with numerous "whys? and wherefores?" by the electors. As a consequence, any one who will trouble to enquire, will find the ordinary elector well versed in the affairs of his township. Such public meetings during the week between nomination and election are, however, by no means the universal rule. In the township of Lobo such meetings are common; in Caradoc, they have occasionally taken place, but most townships with which I am acquainted are satisfied with the discussions on town meeting day. Dominion and provincial politics are rarely introduced in these meetings; never by a wise candidate. The constituencies are, however, so small that nearly every candidate who is anxious can, either personally or by some of his friends, get into communication with every elector whose vote there is any chance of securing, and it is in this private way that party politics are wormed into municipal elections.

No man's politics are ever urged in public as a reason for supporting him in a municipal contest; still there has been a strong vein of party feeling in the township elections of which I have had knowledge, especially in the cases of the reeves and deputy-reeves. There are several reasons for this. The warden of the county is chosen annually by the county council; the county council is looked upon as a school of which aspirants for parliamentary honors should be graduates. The wardenship is often the stepping stone from which a seat in parliament is obtained; whichever party has a plurality in the county council, almost invariably elect a warden of their own political creed. There is also considerable political feeling shown in the county council's choice of permanent officers, which adds to the propagandism of party politics in municipal elections. In the townships with which I am acquainted there is a tendency in each party to try and secure a majority in the township council, so that an assessor of the right party may be appointed. The assessor can, if he choose, be careful to place all the available names of his own party on the assessment roll, while he puts the names of the other party on the roll only when from "reasonable inquiry," or in consequence of a demand on their behalf, he has knowledge of their right to be on. Of course there are many persons of both parties, whose names are never on the roll as actual ratepayers, but only as wage-earners, farmer's sons, etc.: and it is among these that the assessor can, while not being derelict in his duty towards any party, still be of service to his own party by an assiduity in securing names over and above that required by his oath of office. It must be remembered in this connection that the voters' lists for parliamentary elections are based upon the township assessment roll. The fact of not being entered on the assessment roll does not deprive any man of his vote, for he may have his name put on the voters' list at the Court of Revision. This, however, requires attention by some person, an attention which is often not given at the right moment, so that the vote is lost; whereas if these names are looked after closely by the township assessor when making his annual round all trouble is avoided. Forces more potent than political allegiance, however, are also at work in determining which way an elector will cast his vote. Honesty, neighborliness and ability are points that weigh with the average voter when he is privately approached for his suffrage in a municipal election. He will vote for a man residing in his own quarter of the township, other things being nearly equal; but he demands honesty in the public business, and a fair ability in the execution of the same. There is too a strong tendency to re-elect a man who has been faithful in his duty and has shown an aptitude for public business. The electorate is, however, unmerciful to any dishonesty or blundering, if it is brought to light; and brought to light it almost certainly will be, under the present system when so many of the electors take so constant an interest in the proceedings of the council. For this reason, dishonesty is almost unknown in the dealings of the township councils. During fifteen of the last twenty years the reeveship of Caradoc township has been held by three men who occupied it for four, five, and seven years each. When we remember that almost every man is expected to serve five or six years in the council before he is elected reeve, and that he

is often elected and re-elected to the reeveship for five or six years more, we at once see that the electors appreciate experience as well as ability.

After this week of public discussion and private electioneering, the electors betake themselves to the polling-place. The deputy-returning officer, before any votes are cast, empties the ballot-box before the eyes of the poll-clerk, the scrutineers, and such electors as happen to be in the building; he then closes, locks, and puts his seal upon it. The elector, when entering the polling-place, sees about him cards illustrating the manner of marking the ballot; as he approaches the deputy-returning officer, the poll-book is consulted; if his name is found there, the deputy-returning officer asks if there are any objections against his being given a ballot; if no scrutineer objects, he is given the ballot and retires to a private apartment to mark it, after the deputy-returning officer has explained to him how this should be done; if, however, his vote be challenged he must take the oath before it can be received. If any elector from blindness or other cause is unable to mark his ballot, it is marked as he directs, by the deputy-returning officer, in the presence of the scrutineers, the elector being first required to sign by "his mark" a declaration of his inability to read. There are usually not more than two or three voters unable to read at each polling place, *i.e.*, out of about one hundred and fifty votes. About ninety per cent. of the electors vote at an election of ordinary interest. At 5 o'clock the poll is closed. The deputy-returning officer in the presence of the poll-clerk and of the scrutineers breaks the seal on the ballot box, opens it and counts the votes. He then makes a written statement of the number of votes cast for each candidate and of the number of ballot papers spoiled. With these statements, the used ballot papers sealed in one envelope, the spoiled ballot papers sealed in another, the poll-book, the ballot box and all the other papers received from the clerk, he proceeds (generally the same night) to the clerk's office. There he makes oath that he has used the poll-book as by law required, hands in his statement of the number of votes cast for each candidate, and gives up all the papers received from the clerk. All these papers are carefully preserved by the clerk lest some one should demand a re-count of the ballots; which the county judge has power to grant. This, however, is of very rare occurrence. When the deputy-returning officer for each polling-place has handed in his statement, the clerk casts up the number of votes given for each candidate and declares the candidates having the highest number of votes for each office duly elected. If any candidate feels himself aggrieved he may lay his case before the county judge. If the judge thinks the ballots have been miscounted, or that the intention of the majority of the electors has been in any way defeated, he may recount the ballots and declare who is elected, or he may order a new election. There are strict laws prohibiting bribery, but there is seldom any need for their enforcement.

The township council holds its first meeting on a day appointed by provincial statute; after which they adjourn to any day convenient for themselves. There are from twelve to fifteen meetings during the year, meetings being monthly unless some unexpected business arise needing immediate attention; in which case the reeve, through the clerk, notifies the members of the council that a special meeting will be held for some special purpose. The regular meetings are now held in the town hall. At the introduction of the present system in 1849, there were very few townships who had town halls, and in Caradoc for several years the meetings were held in a hotel. Shortly after the inauguration of the present system of local government, however, most townships built town halls sufficiently large to accommodate the electors on town meeting day and for other public meetings in which the township as a whole is interested. It is often used for a "crystal palace" at the township fair; political meetings are held in it; nominations, elections, conventions, public lectures and occasionally divine service. Besides these uses, which are generally thought to be of a sufficiently public character to warrant the council in lending the hall free of charge, it is often rented for balls, concerts and "variety shows." All meetings of the council, wherever held, are open to the public. These meetings are, however, not largely attended by the people; none except the unoccupied attend unless they have business with the council. It is a rare thing for a member of the council to be absent from a regular meeting. Any member repeatedly absenting himself would find great difficulty in justifying such a course in the eyes of the electors at the annual town

meeting. The people in attendance on the council are always orderly and respectful; if any citizen approach the council board to hear their deliberations or to transact business with them, he invariably uncovers his head. When the council goes into session, the five members of the council and the clerk seat themselves at a small table. The reeve by virtue of his office is chairman, and opposite him sits the clerk, who by virtue of his office is secretary of the meeting, but has no voice in the deliberations, although his advice is often asked on issues which come before the council. Business is transacted by means of by-laws and resolutions. Every resolution is written (showing in most cases the signature of the mover and seconder) and laid upon the table. The reeve reads the resolution and if no discussion arises declares the resolution "carried." The discussions are never long or loud. The mover and seconder of any resolution need the support of only one other member of the council in order to carry it, as three form a majority. In questions involving much patronage or liable to create much feeling the councillors often divide two on each side and thus oblige the reeve to show his colors and brave the ill-will of one side or the other. These written resolutions are taken possession of by the clerk, who enters them in the minute book. The more important actions, however, taken by the council are embodied in by-laws, which are read in open council a first, second and third time, and passed if supported by a majority.

If any citizen has a grievance, the abatement of which is in the power of the council, he generally sees some member of the council privately, explains the nature of his trouble, and leaves it in the hands of this councillor to bring his case before the council, where citizens are almost always awarded even handed justice. There are, however, at every meeting of council, men who demand something of the council in open session. The members always accord a respectful hearing to any citizen who talks reasonably in support of any claim he may make. The nature of the claims made by citizens will be seen as we discuss the different matters concerning which the council has power to act.

Very little of the actual executive work of the township is done by the members of the council. The only exception to this is that they do much of the letting and overseeing of the building and repairing of roads and bridges. They do not, however, do this commission work in virtue of their being members of the council, but one of their number is appointed by the whole council to act in each case. The actual work of the township is performed at the order and to the satisfaction of the township council, and they appoint, pay and dismiss the men who do the work. These servants of the township council may be divided into two classes: Those whose appointment to office is permanent viz., the clerk, the treasurer and the surveyor; and those whose appointment to office is annual, viz., the assessor, the collector, the pathmasters, the fence viewers and the sheep valuers. The council, as occasion demands, appoint outsiders to take charge of particular pieces of public work if they think it more convenient or expedient than appointing one of themselves.

There are townships where members of the council serve gratuitously; most townships, however, pay their councillors from \$1.50 to \$2.50 for each day's service in council. The amount is fixed by the council itself, and therefore varies in different townships. Councillors are often paid for services other than the twelve or fifteen days they sit in council during the year, but the amount in each case is fixed by resolution of council and is always reasonable. The councillor's duty when away from the council board is to casually observe the roads and bridges in the township and see that they are kept in a state of good repair. He is not expected to go purposely to examine any part of the highway (unless he be sent for by a pathmaster, in which case he would probably be paid by the township); but it is supposed that a councillor will know the requirements of his own neighborhood, and that if any part of the road need repair, he will bring the fact to the notice of the council at an early date. If a bridge suddenly gives way the pathmaster in whose beat the bridge is situated, at once puts up barriers or signals to prevent men or horses from being injured by attempting to cross through inadvertency or during the night. If the breach be but slight, the pathmaster may hire some person to repair it, and run the risk of recovering the outlay from the council; or he may order some of the persons owing "statute labor" in his "beat" to do the

work and deduct the time thus occupied from their annual labor dues. If, however, the breach involve an expense of two dollars or more, the pathmaster or some citizen will probably report it to the nearest councillor. The councillor at once "lets a job" of repairing the bridge or orders the pathmaster to have it repaired. Of course, in doing this he incurs the risk of not being supported by the council; and in case a large expense (\$15 or \$20) is likely to be incurred, he will consult the reeve and perhaps some one other member of the council before he does much more than inspect the place. It is customary, in Caradoc township, for the council to give each of its members control of \$100 annually, to be expended in his neighborhood in cases of this kind; this, however, is not a common plan. In cases of emergency the councillor is often obliged to let the work by private bargain, but such cases are not numerous; most bridges are seen to be worn out before they become actually impassable, and the council orders by resolution that a "job shall be let" to repair the same, appointing by the resolution a commissioner, who is often a member of the council, to let and superintend the work. Jobs are let thus: the commissioner posts up notices to the effect that he will let a job of bridge building, grading, gravelling, ditching, or whatever the work may be, at a certain time and place, the place usually being where the work is required to be done. At the time and place mentioned in the notice there will gather a crowd of men desiring to do the work. The commissioner explains what must be done, and the man who offers to do it for the least money is usually employed. When the work is done, the commissioner certifies to the council that the work has been completed to his satisfaction and also how much he agreed to pay the man employed. When the council meets at the end of the month all cases of emergency as well as all cases regularly let by commissioners are dealt with. If the council are satisfied that the work has been satisfactorily performed and that the price is fair, they issue orders on the township treasurer for the amounts. In the townships, contrary to city, and even town experience, this way of building and repairing the public highways works well, and secures to the public good value for their money. The commissioners are never paid extravagantly. The council always appoints a man living near the place requiring reparation, who can consequently afford to "let" and "pass" a "job" on the highway for very little remuneration. He does not consider his time worth more than two dollars a day, and does not occupy himself for a whole day in superintending any ordinary piece of work. The trifling jobs, costing two or three dollars each, are let by some councillor or pathmaster, who scarcely ever makes any charge for his trouble. Men opposite whose property the road is in need of a bridge or ditch, will often offer to superintend the work for nothing, if the council will vote the funds necessary for the improvement. The whole system of slight and urgent repairs proceeds on the principle that the council will always pay for work actually needed and actually performed on the roads, but that the burden of proof lies with the man undertaking to make such improvement, who must show that there was an urgent and immediate need of repair, and that the work done was worth the amount demanded. The men who do all this work are the ordinary farmers, farmer's sons and laborers of the township.

Having thus looked at some of the matters over which the council keeps direct control, let us now pass on to some of those things which are done indirectly through officers who are responsible to the council and appointed and paid by it.

Section 5.—The Township Officials and their Duties.

1. The *township clerk's* duties are numerous: he is secretary of the township, he keeps all the township records, and he is the only official source of any information concerning the actions of the council. Particulars concerning every birth, death and marriage must be registered with him within thirty days of the date thereof. He has theoretically no voice whatever in public business, but a capable man in that office does very much to steady the working of the whole municipal machine. There is a complaint abroad at present that the clerk has too much influence with the councils of some townships. There is, however, little danger from that source. The tendency of the clerk's influence is to moderate the action of men who come to the council for the first time. New members

are often ambitious to radically change the course of affairs; but the warning and experience of a clerk who has known every action of the council for years has a wholesome and conservative tendency, leading every councillor to inquire more carefully into the probable results of the change he thinks of proposing. The clerk has an advantage even over old members of the council in this matter, because one councillor is often afraid of yielding to the advice of his fellow lest he should be considered as a nonentity in the council, completely influenced by the other members, while he listens to the clerk because the latter is not interested in misleading any of them. The clerk's long experience in municipal matters enables him to speak very often with more authority on many points than any member of the council is able to do, while his constant contact with the people secures confidence and respect, which makes his word weigh with the electors. He can do much to keep the citizens satisfied with what is being done if he chooses to explain to those who inquire, how and why the council took any particular step. The councillors themselves will of course try to justify their every act, but they are not listened to with the attention that is given the clerk who has nothing to gain or lose by the transaction.

The clerk, assessor and reeve act as a committee to go through the assessment roll and decide upon the men of the township who are qualified to serve as jurors at the high court of justice for the county. The clerk also makes out the "road list" for the pathmasters, consisting of a list of men's names and the number of days each man must work on the road. When the time for doing the work, which is before the first day of August in each year, has expired, these lists are returned to the clerk showing how much work each man in the township has done; if any person refuses to perform his statute labor, the pathmaster may have him summoned before the nearest magistrate and fined or even imprisoned, nor does this remove the obligation to do the work. Such a proceeding is, however, very rare; it is more common to "return the work" to the clerk as "not performed"; whereupon the clerk adds such an amount to the taxes of the negligent citizen as is considered by the council a fair commutation for the service. Most persons, however, perform their labor.

The clerk is a sort of depository for information concerning municipal matters, and is continually visited by the ratepayers who have disputes to settle about their tax, their line fences, their water-courses, their impounded cattle and other business. He has, of course, no power in these matters; but he points out the way in which redress must be sought, and, if he is a sensible man, he often saves a good deal of trouble and expense.

Another duty of the township clerk is the making up of the collector's roll. There are three principal rates—county, township and school rates—which go to make up the total amount of tax levied by the township officials, and here will be a convenient place to explain by whom and in what manner the amount of these different rates is determined, and by what authority the clerk enters a certain amount of tax in the collector's roll against each assessed person. First, the amount of the *county* tax is determined by the county council. That council makes an estimate of the expense which will be incurred by the county during the ensuing year, and divides the payment of this expense among the several municipalities constituting the county in a ratio which it considers proportionate to the cash value of the total property in each township—a sum known as "the equalised valuation." In estimating the value of a township the value assigned it by the township assessor goes for very little. For example, the township of Adelaide is assessed by the township assessor as being worth \$864,072, by the council as being worth \$1,103,500; the township of Caradoc is said by the assessor to be worth \$1,228,617, by the council \$1,300,539. The county council therefore is responsible to the electors for determining the amount of this tax, although it is assessed and collected by the township council. Secondly, the amount of tax needed for *township* expenditure is determined by the township council, who levy the same through their officers, the assessor and the collector. Thirdly, the amount of tax needed for *school* purposes is determined by the trustees of each school section. Every township is divided into school sections, and the ratepayers in each section elect three school trustees from their number. These are elected to hold office for three years, and one trustee's term of office expires each year. There must be an "annual school meeting" held in every school house in

the township for the purpose of choosing a trustee, as well as to hear the auditors' report of the last year's expenses and adopt the same, to appoint auditors for the next year, and to discuss any matter touching school work or expense. The trustees elected at this meeting have control of all school expense, engagement of teacher, building of school house, buying play grounds for school children, and every item of local expense incurred by the school's existence. They estimate the amount needed (in addition to the provincial grant) to pay the expense of the school for each year and make a requisition to the township council to collect that amount from the ratepayers of the section. This the council does for each section, and the trustees present their order and receive from the township treasurer whatever they have requested to be raised. Thus it is the trustees who are responsible for determining the amount of this tax, although it is levied by by-law of the township council.

2. The *collector* receives his roll from the clerk, goes from house to house and demands the amount of tax set opposite the name of each occupant or owner of property. He gives security to the council by bond of himself and others that he will pay the township treasurer or bank to his credit all the money collected by him as tax.

This office is no longer profitable or necessary in township administration. The collectors say that they do not receive more than ten per cent.—some say five—of the tax when they thus visit the ratepayers. They leave their notices of the amounts due, and appoint a day on which they may be found at the hamlet where the council usually meets. The people come to them at the place appointed, or to their homes, and there pay their tax. In case the tax is not paid for any piece of land, if there be any personal property on it, it is the duty of the collector to seize and sell enough to pay the tax due, together with the expenses of seizure and sale. There are only three or four cases of this in an ordinary township each year; and as in those cases it requires an extra journey for the purpose, the work could be done equally well by any other officer. If the treasurer were ordered to notify each ratepayer by circular of the amount of his tax and the date on which it must be paid, they could bring their tax to an appointed place, as in fact the majority of them already do. At present the people pay the collector for collecting the tax, and do the collecting themselves. Let the treasurer be invested with all the authority of the collector, but not required to demand the tax except by writing. If a ratepayer does not attend to the notice let him pay for any additional expense occurred in collecting money from him. This would effect a saving of many hundred dollars to the province each year.

3. The *assessor's* duty is to go from house to house throughout the township, and, after enquiry and observation, to write in his roll the name of each citizen occupying or owning taxable property, together with his estimate of its "actual cash value, as it would be appraised in payment of a just debt from a solvent debtor." In this way he obtains much useful statistical information, and it might be well to give here some idea of the kind of facts collected by him and written in the roll he returns to the clerk. Opposite each man's name is a description of his land, *i.e.*, the number of the "concession" in which it is situated, number of "lot" or "sub-lot" the number of acres of arable or woodland, of marsh, swamp or waste land, total area of land, value of each piece of real property, value of taxable personal property, amount of taxable income, number of days statute labor, school section to which each belongs, number of dogs, cattle, sheep, hogs, horses, number of acres of orchard and garden, and number of acres of fall wheat; the number of persons in the family, their religious denomination, the number of deaths or births, if any, during the year, and whether these have been registered with the township clerk or not. Much of this information is necessary to enable the clerk to intelligently perform his duties, but so far as local government is concerned the one point to be remembered is that the assessor puts what valuation he thinks just upon each piece of property in the township, and that upon this valuation all direct taxes are levied. There is, however, an appeal from the assessor's appraisal. If any citizen deem his assessment too high or his neighbor's assessment too low, or thinks that there is any such error in the description of his property or name as may endanger his vote, he may appeal to the "Court of Revision." This court meets every year before the assessor

roll is finally adopted. The township council constitute the court, and the clerk is secretary, and makes any alterations in the roll that may be ordered by the court, after having heard sworn testimony touching the points put in issue by the appeal. If any citizen is not satisfied with the decision of this court he may appeal to the County Judge. There are yearly numerous appeals as to the description of property, but not many appeals concerning the valuation.

Throughout this account of the assessor's duty I have used the term "taxable property." It might be well to explain what is considered taxable property. Roughly speaking, it may be said that all property in land is taxable which is not held for educational, benevolent or religious purposes, or which is not the property of the municipality, as the roads, market square, public square, town hall, jail, court house, etc. The parsonage and two acres of land therewith belonging to the congregation or trustees of any church is exempt from taxation. All the personal property, except household furniture, of every citizen above the net value of \$100 is taxable unless the owner be in debt for the same or unless the chattels are *in transitu*. The assessing of personalty in the townships I am acquainted with has degenerated into something almost farcical. A farmer with \$1,200 or \$1,500 worth of personal property, such as farming stock, horses, cattle, implements, etc., will usually be assessed at about \$200.* "Taxable income" is a very small item in the townships, there being next to no person having an income falling within the meaning of the statute living in country places. This probably explains why no attempt has as yet been made to remove the obvious injustice done the man who invests his capital in taxable property as compared with the man who invests his capital in obtaining a profession. The man with capital invested in property pays tax on his whole capital, while the man with a professional income pays tax on the income only and nothing on the capital invested in order to insure that income. In theory all income is taxable, other than the following: Personal earnings if not more than \$700, the first \$400 of any salary less than \$1,000, a minister's salary up to \$1,000, and income arising from capital invested in taxable property, as in the case of a farmer or merchant. The assessor has no means, or uses no means, of ascertaining the amount of any man's income other than his own statement. The whole system of assessing income is in sad need of improvement. In spite of all these defects, however, the mode of assessment, as it now stands, fairly efficient in distributing the burden of taxation evenly over the various inhabitants of the township, and on the whole, therefore, it is to be commended. In addition, however, to the criticism already offered in regard to some minor points, there is one evil which above all others ought to be remedied. In most townships, although the assessor is formally sworn to assess at the "actual cash value," it is a notorious fact that from one-half to two-thirds of the cash value is all that the property is actually assessed at. If it were only once made evident to the inhabitants that high assessment did not mean high taxes this evil would be easily removed. There are obvious reasons for wishing the assessment of each lot in the township to represent something like its cash value, while there is no reason whatever why the assessment should be placed at an amount not at all in keeping with the value of the property. When the assessor has finished his work he deposits his roll with the clerk, who, of course, has constantly to refer to it in performing his duties.

4. The office of *township engineer* is one of late creation, the duties attached to it being formerly assigned to "fence viewers." The necessity for the office arises from the circumstance that drainage, in order to be effective, must often be carried through the property of several persons, and that these persons are often unable to agree what part of the work of constructing and maintaining the drain shall be borne by each of them. The drainage law is based on the assumption that any person owning wet land has the right to drain that land, and that he consequently has a right to construct a drain through his neighbor's property if necessary to secure an outlet, the neighbor being obliged to pay for any advantage the drain may be to him. When, however, there are more than five land

* [Mr. McEvoy's criticism applies to the condition of things down to 1888. But by the Act, 51 Vict. c. 29, an exemption was made of "all horses, cattle, sheep and swine, which are owned or held by any owner or tenant of any farm, and when such owner or tenant is carrying on the general business of farming or grazing." His criticism is retained because the question is by no means settled.—ED.]

owners affected by any proposed drainage, a majority of them must acquiesce in the proposal, or else a resolution of the township council must be secured in that behalf before the engineer can be required to perform his office. When a case of this kind arises, the man wishing to drain his land notifies all the persons whose land will be affected that a meeting of those interested will be held for the purpose of agreeing where the ditch shall be made, and how much of the work shall be done by each interested party. If they arrive at a satisfactory understanding, they draw up an agreement, sign it and file it with the township clerk, whereupon the terms of the agreement become binding upon the future owners of the land. If, however, they do not agree, the person wishing the drain may file with the clerk a requisition asking that the township engineer be sent to the place to decide what is just under the circumstances. The clerk notifies the engineer who appoints a day on which he will attend at the place requiring the drain, and after having heard sworn testimony, if any be offered or if he deem it expedient to demand it, he proceeds to "lay out" the required drain, if in his opinion it will be beneficial. Within a month after this, he files with the township clerk an award and a "profile," setting forth the place where the ditch shall be made, its dimensions and any other orders such as the distance of removing the earth from the bank, etc., together with his estimate of the proportion of the work which should be performed by each of the interested parties. The clerk notifies the owners of all lands affected by the award that an award has been filed, whereupon the interested parties may demand copies of the same: they generally, however, content themselves with reading the original at the clerk's office. If any person is dissatisfied with the award he may appeal to the County Judge who has authority to alter any part of the same. This law causes some dissatisfaction among the people at present, but will in the end recommend itself to all reasonable persons. It is questionable, however, whether the saving clause which has been added, requiring a majority of the interested parties or a resolution of the township council, is more calculated to prevent or to cause injustice. I do not imagine that a resolution of the council could be procured if a majority of the interested parties could not be procured, so that the man who is high up the stream or watercourse is to a considerable extent placed at the mercy of those below him. There is, of course, a danger of some man requiring drainage which is entirely disproportionate to any good to be received, if a majority of interested parties is *not* required, but this evil is, I think, of less importance than the opposite.

There is another way in which more extensive drainage is obtained in the township. If the majority of the owners of any large tract of land wish to have the same drained they may petition the township council to that effect, whereupon the council may order the engineer to make an examination of the district and report upon the same, estimating the cost of constructing proper means of drainage and the proportion of benefit each owner of land will receive from their construction. The council may then, if they see fit, prepare a by-law providing for the execution of the work and for borrowing on the credit of the township (by means of debentures, not to run more than twenty years nor to pay less than four per cent. per annum interest,) sufficient funds to pay all expense incurred. The redemption of these debentures is provided for by levying on each piece of land for each year during the currency of the debentures a sum proportionate to the benefit it received and amounting in the total to the cost of construction with interest upon the same. As above intimated the engineer decides primarily what proportion each piece of land shall pay, but from his assessment an appeal lies to the council acting as a "Court of Revision." Each person interested is either served with a copy of the by-law or it is published at length in some local newspaper before the Court of Revision is held, so that he has ample opportunity to dispute the assessment if it be wrong. When the council finally pass the by-law an appeal lies to the County Judge, not only for a readjustment of the proportions each interested party shall pay, but also for the quashing of the by-law *ab initio*. These debentures are bought by the Provincial Government, if, as is generally the case, the municipality so desires; they are, however, sometimes bought by the farmers in the township. The construction of drainage is let by tender, the parties who pay for the work often doing it themselves and thus receiving their own money back. Drainage costing from a few hundreds up to three and four thousand dol-

lars are constructed in this method, and the majority of the people are satisfied with it as an economical way of procuring the large drains which most townships require.

5. The *pathmasters* or *overseers of highways* still perform the same duties as under the town meeting and quarter session system, although they are now appointed by the township council. To the old obligations have been added some trifling specific duties such as cutting the thistles and other noxious weeds growing on the roadside; and in some townships they have the power of ordering the farmers to cut, before the seed ripens, all noxious weeds growing upon their farms, and if they neglect to do this, to summon them before a magistrate and have them fined. They still "warn out" those who owe statute labor, and oversee the performance of the same; they exercise a casual vigilance over the roads in their respective beats, in order that no part shall be allowed to become bad enough to render the council liable for damages should any accident occur through defect in the road. No direct responsibility devolves upon the pathmaster, the council alone is liable. The council, however, require their servant to keep them advised of the state of his charge. In most townships every two to four miles of road have a pathmaster.

Statute labor, in advanced townships at least, is now a failure. There was a time when it was a success, because everyone was anxious to get a passable road and consequently did much honest work while serving his quota of days. Now, however, in the advanced township all roads are passable, many of them good; if they are not reasonably good the council at once orders that they be put in a proper state of repair. The result is that men are not anxious about the road, knowing it will be kept in repair whether they work or play, so that the men who go out to perform statute labor often idle through the time and do as little as possible; whereas under the old circumstances if the road were not made passable by the statute labor, the very men who were bound to perform this labor would have been forced to repair it by voluntary contributions, or else to put up with impassable ways as they would not trust in the hands of the magistrates sufficient money to repair the roads. The change in circumstances demands a change in system. In all township commutation at the rate of one dollar for each day's work is already optional with the person owing the labor; in some townships it is fixed as low as seventy-five cents. Commutation should now in many districts be made compulsory. The township council is the proper body for this power to be vested in, and not the Legislature as has been suggested by some. The province is not, as a whole, ripe for such a measure; but there are many townships whose roads would be better maintained than they now are, if the whole statute labor system were abolished and commutation made compulsory at fifty cents a day and the money expended by commissioners. If the sum were fixed at seventy-five cents or one dollar there would be no need for any further township rate so far as roads would be concerned. I do not think there are many township councils who would dare to take such a step all at once, but if the matter were fairly discussed at the town meetings it would soon meet the approval of all, especially if it were made evident that it would have the effect of lowering the present rate. I would not have the commutation money collected as it now is by the pathmaster, but by the same method and the same time as other rates. Road beats and pathmasters might be retained, but the pathmaster should become a commissioner for spending money instead of a "foreman" on the road. By this measure we would indeed lose the work now done by men between the ages of twenty-one and sixty who have neither home, property nor income. This, however, would be a benefit instead of a loss. It is true that everyone should have some tax imposed upon him to remind him that he is a citizen; nevertheless it would be wise to abolish the obligation to perform statute labor in the case of the laborers. It is a real grievance to our laboring men; they are perhaps hired in a neighborhood for the six summer months, and one day the pathmaster comes along and says you must work on the road on such and such a day; of course they have not used the road at all and feel under no obligation, except compulsion, to perform the work. The consequence is that they complain loudly of the injustice; and none of the property owners try to justify the law which requires these men to increase the value of property in which they have no interest by improving the road adjoining it. In their railings they are wont to cite the freedom of the neighboring Republic "where men are not taxed for

breathing God's air." There is very little material gain from the work these men do ; but there is serious damage done by the dissatisfaction it creates among not only them, but among the whole Canadian youth, who hear them make out an apparently good case, and at least which very few attempt to assail. It would be wise and would tend to decrease the migration of this class of men to the United States, if this part, at least, of the statute labor were entirely remitted. It must not be forgotten that all these laborers pay a large indirect tax to the country by way of customs and excise ; this, I think, would free them from further charge.*

6. In every township not having a by-law directing otherwise, every man whose sheep are damaged by dogs while within an enclosure, is entitled to demand from the council two-thirds of the value of such sheep as have been injured. There is, by provincial statute, a tax of one dollar on every dog and two dollars on every bitch. This money constitutes a fund out of which claims are paid. The party owning the sheep may make his claim at any time within three months after the date of the injury. Owing to this it was found difficult to decide what the sheep were actually worth, and whether they had been killed by dogs at all. It was found that unprincipled persons were making claims whose sheep had died of disease ; others made extravagant demands owing, as they affirmed, to the particularly high breed of their sheep. As these claims were usually not made for a month or two after the injury was done, there was no possible way of disputing them. To remedy this evil *sheep valuers* have been appointed in some townships. If any man intends to make a claim against the council, it is now directed by by-law that he shall call in one of these valuers immediately after the damage is done, and get his certificate stating the amount of loss he had suffered, without which nothing will be paid. One valuator is appointed in every neighborhood ; but his remuneration is very small, perhaps, not more than fifty cents or a dollar for each case. The dog tax is now a not inconsiderable source of revenue, the claims for sheep not nearly exhausting it.

There are many other affairs over which the township council has, theoretically, control. Such are sanitation, regulating fees for ferries, regulating licenses for public houses, and attending to the wants of the poor. All of these except the latter are, in most cases, formal powers but little exercised. In the case of licensing houses of public entertainment, the license commissioners appointed by the Provincial Government practically control it. The poor, however, are provided for separately in some townships ; but in some places *county* poor-houses have been built to which each township in the county may send their poor, the town-reeve's certificate being a sufficient authority to warrant the keeper of the house in admitting the bearer. In connection with the poor-house there is usually an industrial farm which the able-bodied inmates are required to cultivate.

Section 6.—The County Council and its Relation to the Townships.

The close connection existing between the county and the township obliges me to say some words concerning the county council. The work which was done by the magistrates in quarter sessions, under the first system, and by the district council under the second system, has been divided between the township councils and the county council in each county under the third, or present system.

It will have been noticed that no account is given of any action of the township councils concerning the administration of justice, the maintenance of court house and jail, the maintenance of constabulary, the support of poor houses, appointment and payment of school inspectors, the making of grants to high schools, the building of the larger bridges, the payment of coroners, etc. This work, under our present system, devolves upon

*[The question of public roads in Ontario may be usefully compared with its position in the States of the Union, as set forth in Professor Jenks' *Road Legislation for the American State*, Amer. Econ. Assoc. V. No. 3. He proposes (p. 68) that roads should be divided into three classes (1) main roads, to be controlled by county authorities and supported by county funds ; (2) connecting roads, managed and partly supported by the county ; (3) local roads, wholly managed and supported by the township. See also the remarks of Professor Patten in *Political Science Quarterly*, IV. 526.—ED.]

the county council, which is entirely composed, as already explained, of the reeves and deputy-reeves of the townships, villages and towns comprising the county. This council meets regularly four times a year. Several county councils in the province have as many as fifty members, the theory being that about every four hundred assessed person shall have one representative in the county council. Each session of this council lasts about one week. The members are paid from \$1.50 to \$3.00 per day, each council regulating the salary of its own members. The warden, whom they elect, is by virtue of his office chairman. Most county councils model their "rules of procedure" after those used in "parliamentary practice." Their business is transacted by means of by-laws and resolutions. By-laws are used in cases where some permanent interest is involved, while resolutions are thought sufficient for ordering the payment of contractors and casual servants of the council. The members are a very intelligent and capable set of men, and display much wisdom and enterprise in the management of the affairs which fall within their authority. They form a very necessary and useful administrative body; and we have no sympathy whatever with the feeling, which is perhaps gaining ground in the province, that county councils should be abolished. There are now and probably always will be many matters and institutions needed for local convenience which are of such a nature as will not admit of their being administered by so small a unit as a township, with any degree of economy, and on the other hand are not of such a character as would warrant their being transferred to the care of the Provincial Legislature. No one township could think of managing a jail, or court house, or poor house, or of employing a competent man to be inspector of schools; and it would be equally bad policy to put these things in the hands of the Provincial Government, the members of which would rarely have any intimate knowledge of these institutions. Anyone who is at all acquainted with the matters of local administration that constantly arise in the present state of our development will recognize the force of this consideration.

The present county council is quite efficient, but it is very expensive. As pointed out by the "Commissioners on Municipal Institutions, 1888," in the County of Simcoe it cost \$6,000 to expend \$8,000 for the good of the county. This is, I think, a very exceptional case, but it conclusively proves that there is too much expense connected with the present county administration. It seems a positive necessity that the membership of the council be reduced. It has been proposed to divide the larger counties, but this would only increase the evil. A division of counties would mean a multiplication of the total expense for county administration in the Province as a whole. There is, perhaps, no county in the Province whose county jail or poorhouse or other county institution is too large to be managed with economy. On the contrary, most of the counties could manage larger institutions with a very slight additional expense. A gaoler, sheriff, clerk, and treasurer, and a poorhouse, courthouse, jail and county buildings, with their staff of attendants and officials, must be maintained by every county; if we multiply the counties we multiply the expense connected with these officers and institutions. Moreover, a constant hacking and carving of territory is most undesirable. It ruins all local loyalty and emulation, both very useful and desirable. The present system of electing the county councillors seems to afford no means whereby a reduction in their numbers can be effected. It would be very unsound policy to retain a village as part of a township after it had reached a population of seven hundred and fifty souls, because the needs of such a population are so dissimilar to the needs of a township population. Sidewalks, gas-light, fire-engines and water-supply are the public local questions which interest such a population, while these matters never occur to the farming population occupying the ordinary township. Separate existence as a village and separate representation in the county council under our present system go together; so that to make it necessary for a village to have a larger population before it can obtain the right to return a member to the county council is not practicable, because this would require these villages to be retained as a part of a township until they had a population beyond all reasonable bounds. There seems to be a settled belief that it is necessary that each township, town and village should elect a member or members of the county council to represent that particular municipality. Many think that the present way of utilizing the township machinery to levy the county tax imperatively demands this. The

present mode of "equalizing the assessment" or deciding how much of the county tax each municipality shall pay, is the one act performed by the county council which gives a strong color to this belief; apart from this function it matters little what municipality a man comes from, so long as he is a good public officer. If it is thought that a council elected in the manner I shall propose would not be as likely to do justice among the several municipalities as the reeves of the townships, towns and villages would, let these reeves form a body to be called together by the county clerk merely for the purpose of equalizing the assessment once every five years; even now no great change is made in the proportions paid by the different municipalities during that space of time. There are, I think, good reasons for discarding the present mode of electing county councillors, even if the system did not lead to an unduly large council. Under the present system each member feels himself in duty bound to act for the interest of his own township, even though it should be to the loss of the other parts of the county. All the members have equal votes. They do not by any means represent equal interests. In 1881, in the County of Middlesex, the total equalized assessment of towns and villages was \$1,597,001; the owners of this property were represented in the county council by twelve votes, while the Township of Nissouri, with an equalized assessment of \$1,584,000, was represented by only two votes. The total equalized assessment of all the townships was \$23,078,391, the owners of which were represented by thirty-seven votes. That is to say, in order to have a representative in the county council a township must be assessed for \$623,745, while a village or town need only be assessed for \$132,000. It is not a fair partnership; because the township pays \$6 tax and the village pays \$1, while the village has an equal voice with the township in levying and expending the \$7. It seem to me that men with such unequal interests at stake are not in the best possible circumstances for "equalizing the assessment," "striking the county rate," and "making the county estimates." They are not placed in circumstances which are conducive to fair dealing between the several municipalities, especially when each man is elected and feels himself in duty bound to get all he can for his own municipality. There is another point which deserves mention. There is no administrative body in our whole system about the actions of which the average elector knows so little as he does of the county council. The county council is not brought prominently before the people; and although no "crooked" work may have been done, it is in my opinion quite possible under the present system for great extravagance to be indulged in. In order to bring the observation of county business home to the electors it would be well to *elect a county council independent of the township council*. Let the electors of each municipality nominate candidates for county councillors at their township nominations, and let the township clerks return these nominations to the county clerk, who shall be ordered to prepare ballots containing the names of all the candidates nominated throughout the county, and send whatever number of these may be needed to each township clerk before election day. When the electors come to vote for their township councillors let them also vote for their candidates for county councillors. Let a statement of this vote in each township be forwarded to the county clerk, and let the fifteen who obtain the greatest number of votes constitute the county council. By this means every member would represent not any particular township, but the whole county; and the members would, I submit, be as likely to do justice between the several townships as those chosen on the present plan. They would certainly be as likely to do justice in all matters save the "equalization," and would be much less expensive. Such a scheme would lead to a more careful watch being put upon the actions of the county councils; and the members would be elected with a view to their fitness for the office of county councillor, and not be sent to the county council merely because they were already township councillors. This would at the same time supply a means whereby numbers could be adjusted to correspond with circumstances. It would also undoubtedly lead to public meetings for the discussion of county affairs, wherein electors would seek information upon which to determine for which candidates they should vote; whereas they now vote for a man from regard to his action as a township councillor, with very little enquiry into his conduct at the county council.

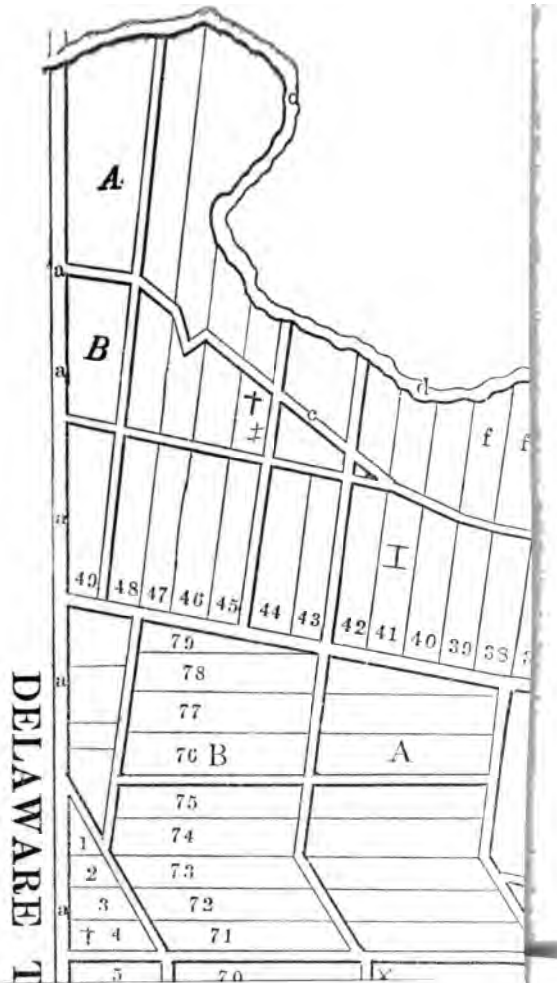
Section 7.—Conclusion.

There are many things for which our municipal system is to be commended. Bryce, in his book on "The American Constitution" says, in speaking of the different systems of local government there discussed, that "the town or township with its popular primary assembly is admittedly the best. It is the cheapest and the most efficient; it is the most educative to the citizens who take part in it. The town meeting has been not only the source but the school of democracy. The action of so small a unit needs to be supplemented, however, . . . by that of the county, and in this respect the mixed system . . . is deemed to have borne its part in forming a perfect type." This praise, coming as it does from so high an authority, although not spoken of us, can, we think, be fairly appropriated by us. We have, we claim, much of the advantage of town meeting without its disadvantages. We have the meeting, we have the discussion, we decide on the larger questions, and we elect men to carry out the "popular primary" wish, and moreover these men do carry out this wish. Of our system it can be truly said it is cheap, efficient and popular. Its influence upon the people is good; it enlightens them and leads them to take an interest in higher politics, while the first and simple principles upon which it is conducted supplies them with a criterion by which to measure all political conduct. Higher politics in their turn react upon township politics. This has been much condemned and perhaps wrongfully. Bryce has said in the book before mentioned, "In America party loyalty and party organization have been hitherto so perfect that anyone put forward by the party will get the party vote, if his character is good and his 'record,' as they call it, unstained." This statement has some force where he makes it, that is, in accounting for the kind of men who are able to command a large vote for the presidency of the United States; but in local affairs there is distinctly another side to the question, and one which to some extent may counterbalance the evil pointed out by him. I am convinced that if it were not that "party loyalty and party organization" are so much fostered here, our local institutions would be much worse administered. Good and able men would not interest themselves in township or county polity did not the careful and honest discharge of the duties there imposed open an entrance into Provincial and Dominion politics. There is not a class of capable men on this continent who are either willing or financially able to administer the affairs of the township or the county for the little honor that attaches to such offices. Men do these things here for the reward they promise either directly or indirectly; and there is no greater inducement that we can hold out than the hope of rising high in the estimation of party and country. All, of course, can not rise to great importance, but all can indulge the hope of rising, and in this hope discharge onerous public duties which would otherwise be neglected. The party enthusiasm which spreads through our whole system of government is almost necessary; and while in the higher and fewer offices it may detract from our chances of securing good men, in the meaner and much more numerous offices it certainly calls out talent and ability which would not otherwise be reached. The party enthusiasm which is engendered in the higher offices lends an interest and a charm to the lower offices. National politics introduced into township and county elections, says Bryce, "make it more difficult for good citizens outside the class of professional politicians to find their way into county (and township) administration." Here, we do not divide the inhabitants into "good citizens" and "professional politicians." We in Ontario are all of one party or the other; we do not look upon parties as a calamity or party men as swindlers. In no township that I know, would it be possible to get together a council of five competent men unless some of them were men of strong party feelings and convictions.

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KEY TO MAP.

I, I, I, I.—Concession number I.

II, II, II, II.—Concession number II.

1, 2, 3, 4, etc.—Lots in their respective Concessions.

a, a, a, etc.—Town Lines.

b, b, b, etc.—Concession Roads.

c, c, c, etc.—Original trunk road laid out by Provincial Government.

d, d, d, etc.—River Thames.

e, e, e, etc.—Side Roads.

f, f, f, etc.—Lots in broken front.

A & B.—Irregular Blocks.

A, A, A.—
B, B, B.—
C, C, C.—

} Irregular Concessions.

g, g, g.—Earliest Settlement, somewhat irregular.

+, +, +.—Unincorporated Villages.

†, †, †.—Public School Houses. In addition there is usually a public school-house and church in each unincorporated village.

‡, ‡.—Churches.

□.—Unincorporated Village where Township Council sits.

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MUNICIPAL MONOPOLIES
AND THEIR MANAGEMENT

BY

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University College, Toronto.



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PREFACE.

The due relation between civic Government and certain industries, which, of first consequence to the inhabitants of cities, are yet necessarily monopolistic in their character, is a question of urgent importance. The present position of affairs in the chief city of Ontario has suggested to the Editor the desirability of devoting to the consideration of this topic the second of the Toronto University Studies in Political Science.

The earlier portion of Mr. Sinclair's Essay is occupied with a statement of the conditions affecting the industries in question, and a discussion of the various considerations which have to be taken into account in the determination of municipal policy. Herein he is, to a large extent, traversing ground already examined by others; and such usefulness as the Essay will possess will be derived from its comparative completeness and its systematic arrangement. The later part of the Essay, however, is, in my opinion, of higher value; for it is, as far as I know, the first impartial attempt that has yet been made to compare the financial position of public with that of private undertakings. This comparison ought to do somewhat to moderate the ardour of extremists on either side.

Into the detail of Mr. Sinclair's argument it is not desirable to enter in this Preface. But there are two aspects of the subject which he has not touched, and on which some observations may not be out of place.

An enlargement of municipal action in relation to monopolistic industries has been very widely supported, especially in the United States, in the belief, which has been freely expressed, that it would be a step in the direction of Socialism, or "Nationalism." Such advocacy can scarcely be regarded as altogether wise. In the first place, it implies that we can formulate a much more definite conception of the future organization of society than is permitted by an intelligent belief in social evolution. In the second place, it arouses the opposition of men who would otherwise be ready to assist in a practical reform; and it shows those who are struggling to retain in their own hands the advantages of monopoly to shelter themselves behind the principle of industrial freedom. It would be at once more scientific and more expedient, if the advocates of municipal action would allow that, as the world is now constituted, individual enterprise has obvious advantages, and then go on to point out that in the case of certain city industries these advantages cannot be obtained, since, from the nature of the case, competition is there impossible. What the common sense of men has to understand is this, that to try to maintain individual enterprise in a field where it cannot be allowed with advantage, is to discredit individual enterprise even in fields where it is desirable.

The other aspect of the subject to which Mr. Sinclair has not adverted, is its relation to the labour employed. The desire to secure improved conditions for labour is the chief motive for the English agitation for municipalization, for instance in the case of the London docks and tramways. In America this consideration is seldom heard of ; and it is the financial advantage to the city that is put in the foreground. But it is evident that this is a question which will force itself upon public attention, even if it is not raised by philanthropy. Where large bodies of comparatively unskilled labourers are employed, there is always especial danger of labour disputes ; as is sufficiently evidenced by the street car strikes in New York, Vienna, Toronto, and indeed in most great cities. But labour disputes involving a cessation in the supply of water or gas or street car service more immediately affect public safety and convenience than any other similar difficulties, and call more loudly for a remedy. It is difficult to believe that the present anarchy can long continue. In the interest of the users of the service, if not in that of the labourers, some method of public regulation must, sooner or later, be arrived at. But whether direct municipal management would be an immediate and satisfactory way out of the difficulty may well be doubted. The solution of the problem must depend on the circumstances of each place. In the present condition of municipal politics in most American cities, to add greatly to the number of voters in the pay of the corporation would certainly be dangerous.

W. J. A.

MUNICIPAL MONOPOLIES AND THEIR MANAGEMENT

CHAPTER I.—MUNICIPAL MONOPOLIES.

Section 1.—On Certain Requisites of Modern City Life.

This is an age of great cities. They have swept over their old boundaries; and adjacent towns and even counties have been absorbed. In the United States a hundred years ago, there were only 13 cities numbering more than 5,000 inhabitants; not one had more than 40,000; and of the total population of the country only $3\frac{1}{2}$ per cent. lived in cities of more than 8,000. In 1880 there were 494 cities of more than 5,000. In 1890 there are 74 of more than 40,000; 28 of more than 100,000; and nine times as large a percentage (29.11) of the total population live in cities of more than 8,000 inhabitants.

This tendency to aggregation has not been confined to new countries.* The capitals of Great Britain, France, Germany and Austria have each increased in population fivefold since 1800, and their example has been followed by the provincial cities. In England and Wales, during the ten years 1871-81, the population of city districts increased 19.63 per cent., while that of country districts increased only 7.36 per cent.

With this rapid growth of cities, which forms so striking a characteristic of the present century, new and unforeseen difficulties have sprung into existence. Old forms of civic government, on being subjected to the severer strain, have not stood it well. They seem to have been out-grown, as the circle of their influence widened; and, in the face of new conditions, all the great municipalities of the world are striving to solve the tremendous problems they find confronting them.

What are some of the necessities of modern city life, that give rise to these problems?

Accompanying the increasing importance of cities, partially the cause, but much more largely the result of that development, is the attempt to protect their inhabitants from the manifest evils shewn in some of the existing cities of the Old World to be the result of crowding a large population into a small area. The latest discoveries of physical science have been called into service; and it has been found that *cleanliness* is a necessary precaution against the epidemics that attend the filth and squalor of Eastern plague-swept cities. Of the good that can be accomplished in this direction an excellent example is presented in the case of Liverpool, which "comprises an area of 5,210 acres, with an estimated population of 599,738, or 115 people per acre, being the most densely populated city in Great Britain. The total number of deaths during the year 1889 was 12,159, equal to 20.3 per 1,000—a reduction of 6.9 per 1,000 since 1880. The total number is 1,847 less than in 1887, and 2,000 below the average of the last ten years—notwithstanding the increase in population—which is attributed to the good sanitary work of the health committee."†

WATERWORKS.—For cleanliness an abundant supply of water is absolutely necessary.

It would, no doubt, be possible in most cities to obtain sufficient water for this purpose from wells; but health demands that the water used should be of a purer quality

* A comparison between an old and a new country in this respect is interesting—

In Germany	-	28	per cent. of the people live in cities of more than	5,000 inhabitants.
In the United States	26	"	"	4,000
But in	"	18	"	100 cities of more than
While in Germany	-	16	"	116
				20,000

So that in the United States (as compared with Germany), the large cities have grown at the expense of the small.—Mayo Smith, *Statistics and Economics*, p. 31. (*Pub. Amer. Econ. Assoc.*, Vol. III.)

† Mr. Sherman in *United States Consular Reports*, June, 1890.

than can be obtained from the soil of cities, impregnated as it must be with the germs of disease. In order to be pure, the water supply must therefore be brought from beyond the reach of this contaminating influence. It must be brought from its source either in mains or by aqueduct, and distributed throughout the city by a system of pipes. Whatever method be adopted, it is evidently a matter involving a very great outlay of capital. This cost is greatly enhanced by the fact that in order to supply high buildings, and to give "a head" of water in case of fire, it is desirable to keep a much greater pressure of water in the mains than would otherwise be necessary. A far better and more costly piping is essential in order to stand the strain of this pressure; and the loss of water by leakages becomes important, since the amount of a fluid passing through an orifice in a given time varies directly with the force behind it. A system of water-works is thus a *necessity* for a city.

The growth in the number of water-works in the United States and in Canada is illustrated by the following table* shewing the number of works operating in the years mentioned:—

	1800.	1850.	1875.	1885.	1889.
United States.....	5	69	535	1,037	1,960
Canada.....	0	6	20	46	87

In Great Britain and Ireland in 1880, there were 120 companies operating with a capital of £7,000,000, (exclusive of 8 in London with a capital of £12,000,000), and a number of municipal plants in Glasgow, Birmingham, Manchester, etc.†

STREET CARS.—Another necessity arising from modern conditions of city life is some mode of cheap and speedy transportation from place to place within the city limits. Not only is this essential as a mode of communication between the business sections of a city, but, by enabling artizans to live farther from their work, it also acts as a safety valve to relieve the congested districts of population from the strain that would otherwise come upon them.

This strain is far too great already, but under existing conditions it must grow greater. In the new County of London there are 118 square miles, which have an *average* of 32,500 inhabitants to the square mile! In the more densely populated central sections, *e.g.*, Whitechapel, the number will of course be vastly greater. Apart from the duty of the community to relieve the misery and prevent the evils resulting from such segregation, its mere presence is a very real menace to the safety of the city. All great cities have somewhat similar districts: Paris, Berlin, Glasgow, Birmingham, New York, Chicago, have them; and if they are not quite as wretched or nearly so large as those of London, it is only because these cities have not reached in point of numbers the "bad eminence" she has attained. If the density of such sections could be reduced to one-half by doubling the area of a city, the greatest difficulty would be overcome; light and fresh air for children, and a certain degree of seclusion would then be possible. But this increased area involves living at a greater distance from the scene of one's daily employment. So that some mode of transportation is essential; and if it were only cheap enough, and speedy enough, it would meet the requirements of the case.

This need, so far as it has been met at all, is met in all European towns, by elaborate systems of omnibuses, which ply on the principal streets at regular intervals. A moderate rate is charged, usually varying according to the distance travelled. These omnibuses are the direct descendants of the old stage coach, and are better adapted to traffic on narrow and crowded streets, than the street railway systems which take their place in American cities. These last are a very modern institution indeed, the first street railway having been built about 1855. Their development seems, however, to have kept pace with that of municipalities; and there are now, as nearly as may be, 957 street railways on this continent, having 8,818 miles of track, and worth in the neighborhood of \$150,000,000. ‡

* Compiled from tables in Mr. M. N. Baker's *American Waterworks Manual for 1889-90*. (Engineering News Office, New York.) † Sir T. H. Farrer, *State in Relation to Trade*. (Eng. Citizen Series), p. 93.

‡ *Electrical World*, Nov. 22nd, 1890. The writer has reduced the values given by the various companies about one-tenth.

These are divided as follows :—

589 roads, 5,718 miles of track, run by <i>horses</i> ,		
valued at \$54,000,000 ; cost of running 5.7c. per mile, for each car.*		
49 roads, 527 miles of track, run by <i>cable</i> ,		
valued at \$44,000,000 ; cost of running 2.5c. per mile	“	“
246 roads, 2,024 miles of track, run by <i>electricity</i> ,		
valued at \$44,000,000 ; cost of running 2 2c. per mile	“	“
43 roads, 554 miles of track, run by <i>steam</i> ,		
valued at \$7,000,000 ; cost of running 5.0c. per mile	“	“

So that “horse” roads do more than half the traffic. This is to be expected from the circumstance under which street railways have developed. A “horse” road is the easiest and cheapest to build ; although it is said to cost more to “run” than the others. The objections to it are : 1st, Its *slowness* especially for suburban traffic, where all the others are greatly its superior in this respect. 2nd, It requires a large staff of unskilled employees. 3rd, Its stables must be in a central part, and usually constitute a nuisance ; while the excreta of so many additional animals contributes largely to the uncleanness of the streets.

Electricity stands second, although it is so new an element in motive powers,† and has won its way to popularity in medium-sized towns. It is in a transitional state, improvements being continually made in it ; so that a plant that may be very good to-day may be quite ancient in a year. The larger cities recognise this, and have been cautious in investing large sums in the enterprise. It is however becoming more stable every year, and more important roads are adopting it. The largest electric railway is in Boston, where the “West End System,” with 284 miles of track, has 60 miles of it electrically equipped.

There are two kinds‡ of electric street car : one in which the power is carried in the car, which is called the “storage battery” system ; and another which obtains its power from a wire overhead, connected with the car by a trolley or arm fastened to the car, and having on its upper end a pulley which runs on the wire, thus completing the circuit. The advocates of the two systems wage enthusiastic war upon each other. The latter seems so far to be rather the more successful ; notwithstanding the disadvantage it labors under, of being obliged to string its wires upon poles which makes it necessary that the track should be by the side of the road, and in case of double tracks, one on each side of the road ; or else that the poles should be placed in the roadway in the space between the tracks. In either case the obstruction to traffic is considerable.

Both systems have the following disadvantages : 1st, They are affected by electrical changes in the atmosphere. 2nd, They are often damaged by lightning. 3rd, The track must be kept perfectly clear of snow in winter. 4th, The cogs are often stripped from the gearing in connection with the dynamo, leaving the car helpless on the street § 5th, They are unable to ascend very heavy grades. Their limit in this last direction would seem to be ascertained by the following examples :—Milwaukee has an electric railway working successfully over a 10 per cent. grade. Lynn (Mass.) has a system whose cars succeed in climbing a grade of 13.2 per cent. In Tacoma an electric railway was started ; but it was found unable to master a rise of 1 in 7, and it has been replaced by a cable line.

* For comparison with this may be noticed the following estimate of cost of construction of a ten mile road with fifteen cars, as given by a committee of the Am. Street Railway Association in Sept., 1890 :—
Cable system—Cost of cable construction, \$700,000 ; cars, \$15,000 ; power plant, \$120,000 ; total, \$840,000.
Electric overhead wire system—Cost of roadbed, \$70,000 ; wiring, \$30,000 ; cars, \$60,000 ; power plant, \$30,000 ; total, \$190,000. Storage battery system—Cost of roadbed, \$70,000 ; cars, \$75,000 ; power plant, \$30,000 ; total, \$175,000.

† The first electrical street railway began running in Cleveland, O., in 1884.

‡ A third variety, where the wire is in a conduit beneath the track, has been tried in Boston and in Denver, but at such cost as to be out of the count.

§ “From five minutes to three years,” was the reply of an electrical expert to a question as to the life of these gearings.

Electric systems have great advantages however :—

- 1st. They secure speed (from 3 to 20 miles per hour being obtainable at the will of the conductor)—a great consideration, especially in suburban districts.
- 2nd. In case of danger, electric cars can stop more quickly (owing to the dynamo being reversible) than either horse or cable cars.
- 3rd. They are cheap,* and, with the rapid improvements made in electrical science will probably soon become cheaper still.

The cable system, though cheap to operate, is very costly to establish; and is adopted only where there is great traffic in large cities, or where there are steep inclines to surmount. The cars are propelled by an endless chain, running in a tunnel beneath the track, and connected with the car by a clutch which passes from the latter through a groove into the tunnel. The chain is kept in motion by a central engine. Should the clutch catch on an inequality of the chain, it sometimes becomes impossible for the conductor to release it. The car then runs amuck, till it smashes against some obstruction, or till the central station can be communicated with, and the chain stopped. This of course stops all the other cars on that line.

Steam as a motive power for street cars, is not popular for obvious reasons. It is used on the elevated railway of New York, and the underground railway of London. In the former case its noise and filth constitute a nuisance to the inhabitants of the districts traversed, and in the latter to the travellers themselves.

LIGHTING.—The lighting of public thoroughfares early recommended itself not merely as a convenience but also as a necessary precaution for the safety of the inhabitants and their property. "A gas light is as good as a policeman," is a common saying, and the state of affairs so graphically portrayed by Macaulay,† as existing in English cities of the 17th century would no longer be endurable. "When the evening closed in, the difficulty and danger of walking about London became serious indeed. Falls, bruises and broken bones were of constant occurrence. For, till the last year of the reign of Charles the Second, most of the streets were left in profound darkness. Thieves and robbers plied their trade with impunity; yet they were hardly so terrible to peaceable citizens as another class of ruffians. It was a favorite amusement of dissolute young gentlemen to swagger by night about the town, breaking windows, upsetting sedans, beating quiet men and offering rude caresses to pretty women. . . . The machinery for keeping the peace was utterly contemptible. . . . It ought to be noticed that in the last year of the reign of Charles the Second began a great change in the police of London, a change which has perhaps added as much to the happiness of the great body of the people as revolutions of much greater fame. An ingenious projector named Edward Heming obtained letters patent, conveying to him, for a term of years, the exclusive right of lighting up London. He undertook for a moderate consideration to place a light before every tenth door on moonless nights, from Michaelmas to Lady Day and from six to twelve of the clock. Those who now see the capital all the year, from dusk to dawn, blazing with a splendor compared with which the illuminations for La Hogue and Blenheim would have looked pale, may perhaps smile to think of Heming's lanterns which glimmered feebly before one house in ten during a small part of one night in three. But such was not the feeling of his contemporaries. His scheme was enthusiastically applauded and furiously attacked. . . . Many years after the date of Heming's patent there were extensive districts in which no lamp was seen."

Progress in lighting has kept pace with other improvements;‡ and even Macaulay's London of fifty years ago "blazing with splendor" would probably appear but poorly

*This cheapness is largely the result of their speed. If a road can run its cars half as fast again as those of another, two-thirds the number of cars will suffice.

† *History of England*, vol. I., ch. 3.

‡ In 1882, in Great Britain and Ireland there were £50,000,000 engaged in the business; in 1889 the capital had increased to £60,000,000.

lit as compared with the average city of to-day. The importance of thorough lighting is being more and more recognized. In Glasgow the municipal authorities compel the lighting of stairways in tenement houses, and pay part of the cost. They can afford to do so out of what is saved in the cost of preserving order. Oil is of course no longer used for street lighting. From the advantages gas offers in the way of convenience and safety over oil lamps, they are being rapidly displaced by it as an illuminant for private use as well, especially in manufactories or where large quantities may be used.

Apart from its lighting properties its applications are manifold. It has been found useful as a heating agent on either a large or a small scale; in the former to drive steam engines, in the latter for domestic purposes. It is obvious that coal can be more cheaply handled in large quantities at gas-works than when distributed in small quantities throughout a city. Moreover in gas-works the by-products of the coal are almost all utilized, scarcely any waste occurring in the production of gas. In the burning of gas it is estimated that 80 per cent. of the heat-producing power may be utilized, while in coal stoves 10 to 20 per cent. is obtained and in a grate fire only 3 per cent.*

As a motive power gas would do away with that bane of great cities, the smoke nuisance, whose far-reaching results for evil upon the physical and moral constitution of citizens are being more fully appreciated.† If the price of gas could be reduced it would help in all the above-mentioned reforms. It would be much more largely used, and in consequence could be produced still more cheaply. It is also held by some that, if it could be obtained at a sufficiently low price, its utilization as a motive power to drive small gas engines would tend to do away with the concentration of industry at local centres rendered necessary by the introduction of the steam engine at the beginning of the century.‡

In lighting, as in street railway traffic, electricity is rapidly assuming a very important place. In America it is estimated that there are 300,000 arc, and 4,000,000 incandescent lamps in use, requiring the employment of 300,000 men, and the investment of 300 millions of dollars.§ It has thus become a great rival of gas as an illuminant. Their peculiarities seem, however, to map out different spheres of usefulness for each. The great brilliancy of the arc light fits it for places where an intense light is called for, or where it commands a long distance, *e. g.*, a ship, a light-house, or a leading city thoroughfare; while gas, being more divisible, is therefore the cheaper alternative where only a small space requires lighting. So that for city streets a system combining electricity and gas is best; using the latter for suburbs where very clear illumination is not so necessary, for courts or for wooded avenues, where several gas-lights at short intervals are much more efficacious than one arc lamp. As the electric light does not take oxygen from the air as gas does, and as it produces but little heat, it is especially adapted for public halls, underground railways, inner rooms of buildings, etc., where ventilation presents difficulties. The incandescent lamp, being entirely protected from the atmosphere, is available for many places, *e. g.*, mines, where gas cannot safely be introduced.

Section 2.—Their Relation to Government.

It will be observed that all these industries have developed their present importance since 1850. This period marks the triumph of the "laissez faire" theory of politics by which the duties of government are confined to the narrowest possible limits; individual freedom of action being considered all in all and competition the natural ruling factor in every industry.

*Prof. James, *The Relation of the Modern Municipality to the Gas Supply*, p. 11.

†An interesting adaptation of the heating power of a gas jet is shewn in the thorough ventilation obtained in an otherwise stagnant-aired room by keeping a jet burning in the ventilating flue.

‡It has not yet been obtained cheap enough, however; and whether this result would follow is perhaps also doubtful. The same claim is raised on behalf of electricity. Lord Salisbury, in a recent speech, said, "Electricity will scatter the present unhealthy aggregation of labor." The truth of this is questioned by the *Electrotechnischer Anzeiger* which holds that it will annihilate small industries. In any event it seems scarcely likely that when so many conditions vitally affecting industry have changed within 100 years, that the state of things then existing could be returned to by simply eliminating what was at that time the disturbing element, viz., the steam engine. Whether, under the new regime that would result, the working man would be better situated than at present remains to be proved.

§Mr. M. J. Francisco, in a paper read before the National Electric Light Association, Aug. 19, 1890

The principle of laissez faire was itself a rebellion against an earlier system of minute and manifold regulation of private enterprise on the part of government. While it was not ill adapted for the age in which it had its rise, that system had lost its usefulness under changed conditions. Instead of being a protection to the weak, as it was intended to be, it had become a bar to their progress, an instrument for their oppression. The paternal theory of the state was still largely affecting English industry, when Adam Smith wrote his "Wealth of Nations." He opened the way for its overthrow; and, in view of the injustice arising from its practical working, it is not surprising that he should have gone to the opposite extreme in advocating individualism. Self interest he held to be the great bond of society, and competition the natural, sole and universal regulator of every industry. His book was written in 1776; but it was not till the repeal of the Corn Laws that the principle he advocated attained its full triumph. Conditions had again changed in the interval, however; and some considerations which had been wholly overlooked by Smith had become matters of first-rate importance.

Only by slow degrees have men come to see that, under some circumstances, a let-alone policy may permit the strong to oppress the weak; and that a carefully considered interference by the authorities with the free action of the individual may be necessary for the moral and material welfare of the nation. "Competition we have learnt is neither good nor evil in itself; it is a force which has to be studied and controlled; it may be compared to a stream whose strength and direction have to be observed, that embankments may be thrown up within which it may do its work harmlessly and beneficially. But at the period we are considering it came to be believed in as a gospel, and, the idea of necessity being superadded, economic laws deduced from the assumption of universal unrestricted competition were converted into practical precepts, from which it was regarded as little short of immoral to depart." *

One of the first examples of legal interference becoming necessary was in connection with parents' control of their families. The Factory Laws have deprived parents of one means of support, viz., the earnings of their young children; and masters have, at the same time, had closed to them one source of cheap labor. While the employment of dearer adult labor has not resulted in the increased price prophesied for it, still the cost of some manufactured products has probably been enhanced. The change brought a certain amount of suffering as every change must do. Yet, weighing the evils against the benefits obtained, everyone must concede that it was better that the difficulties entailed by the change should be endured than that children should be allowed to grow up with the physical, mental and moral diseases invariably accompanying the older system.

But, in the revulsion from the restrictive policy that had so long stood in the way of real progress, the scale of opinion had naturally swung so far to the opposite extreme that it was not to be brought back to the balance by such an example of the benefits to be derived from occasional interference as the preceding. That was in behalf of children. Men were considered able to look after themselves. An example is seen in the conflict between labor and capital. When a laborer grumbled at having his wages reduced he was represented as being very unreasonable; for could he not stop work if he liked? Were there not others ready to take his place at the new wages, and should not competition and freedom of contract rule in all such matters? But the laborer saw that while there might be competition between himself and other laborers, there could be no freedom of contract between himself and his employer. He had a family depending on his earnings, to whom a day's loss of wages meant privation, and the time spent in looking for a new place starvation. His master could wait for months if necessary, but usually had a large number of applicants for the vacancy from whom to choose. The laborer was advised to submit patiently to his lot, which was natural and therefore right. To make the persuasion effectual, rigid laws against combinations of employees were enforced. Smarting with a sense of injustice, workmen combined in spite of the laws and were successful. In this period arose the resentment of employees against employer.

*Arnold Toynbee, *The Industrial Revolution*, p. 87.

The bitter antagonism lasted for a generation, laid the foundation of Socialism, and even now when the worst evils have been remedied may still be met with from time to time.

This struggle of capital and labor had an educative effect. It emphasized the fact that competition could be free only among *equals*. The idea that men could, by combining themselves together, produce something resembling this equality with their employers was a new one. It showed economists that they had been wrong in estimating the conditions of competition. The whole ground has been gone over again, and the conclusion drawn from the last twenty years' experience may be stated as follows :

While competition may be a very good and useful thing in itself, still it must very seldom occur that additional circumstances do not so enter into the consideration of any particular industry as to make absolutely free and equal competition in it an impossibility. Thus, turning to the question immediately before us, and asking how far a useful and effective competition between those engaging in the same business is really possible, it will be found that industries run through the gamut from those in which competition is by far the greatest factor to those at the other extreme whose naturally monopolistic features overshadow their competitive ones, in some instances destroying them almost entirely. At the latter end of the scale will be found those industries whose remarkable development and peculiar position as necessities of city life have been described in Section I., viz. Waterworks, Street railways, Gas and Electric Lighting and Telephone service.

They were not dealt with by Adam Smith because they were not in existence in his day. Among the first to touch upon their monopolistic characteristics was John Stuart Mill.*

But why should these industrial undertakings be monopolies ? It is evident that their monopolistic character is not of the same kind as that of the artificial monopolies granted by Elizabeth, James I., and Charles I., in which an ordinary business was confined to stated persons by the crown authority, in return for annual payments to the treasury. Nor are they akin to those undertakings, such as inventions, or the establishing of new industries in a country requiring them, on whose behalf government may step in and restrain competition by granting patents, or by imposing a protective tariff. In fact they are diametrically opposed to the last mentioned in the particular that governments, whether general or local, have attempted to *create* competition in them, and in spite of the attempt they have become monopolies.

In what then do they differ so widely from other pursuits ?

Some of their characteristics given by Sir T. H. Farrer in his book "The State in Relation to Trade" are as follows :

- "1. What they supply is a necessary.
- "2. They occupy peculiarly favored spots or lines of land.
- "3. The article or convenience they supply is used at the place where and in connection with the plant or machinery by which it is supplied.
- "4. This article or convenience can in general be largely if not indefinitely increased without proportionate increase in plant and capital.
- "5. Certainty and harmonious arrangement, which can only be attained by unity, are paramount considerations."

No *one* of these peculiarities seems at all sufficient to constitute any of the industries under consideration a monopoly.

1. Their character as *necessaries* has already been dealt with in Section I. ; but they are not more necessary to city life than, say a dry-goods store or a bakery, and these are industries clearly open to competition.

2. Here we meet a much more important difference between them and such a business as the sale of dry goods. By obtaining a good site for his store, *e.g.*, the corner of

* He notices them briefly in his *Political Economy*, book v., chap. xi., s. 11.

two leading thoroughfares, a merchant obtains an advantage over his rivals, but cannot shut them out. But all the industries with which we are dealing occupy the *public streets themselves* for their business; so that competition is, of necessity, limited to a small number of companies by the physical impossibility of crowding an indefinite number of street car tracks, gas and water mains, electric light, telegraph and telephone wires upon one street, whether upon the surface, beneath, or above it. The number might be greater if the streets were wholly given up to them; but that is hardly what streets are for. Their use of the streets is a great inconvenience to the general public; and each additional track or main or pole increases the annoyance and obstruction in a far greater ratio than its proportion to those already "located" would at first sight lead us to expect.

While the people may be complacent under the breaking up of a street for two or three weeks in a season by the operation of laying or repairing the water mains of a company, and may be able to endure having the nuisance increased to twice that length of time by the incursion of a second company; still, if a third company appear on the scene with the same demand, it is evident that an increase of only 50 per cent. in the time during which the difficulty lasts will be viewed by the ordinary citizen as an increase of at least 100 per cent. in the annoyance. Is there not a point at which human patience must give way? With the appearance of a fourth company will not that point be reached, although the increase in time asked for be but one-third? The trouble is not in any way lessened by all the companies carrying on their repairs at once, for that would stop traffic on the street entirely. Granting all this, however, it does not prove an absolute monopoly of all the industries, for there is room on each street for at least two competing companies, with the exception of street cars; and these might be given adjacent parallel streets or allowed to use the one line in common as a means of access to important business sections, as is done in many American cities. So that the most that can be said for this second consideration of physical necessity, apart from other considerations, is that it limits competition to a comparatively small number.

3. Their third or *local* characteristic is also an important one in connection with some of these industries. If gas could be easily solidified or reduced to a small bulk, so as to admit, like cotton or sugar, of transportation to distant places, it would make all the difference in the way in which it could be supplied. Competition would at once be extended to all gas-producing companies within an area, great or small, according to the cost of freight on the article sent. The same is true of waterworks. If a street car ticket possessed the inherent property on being torn of conveying its holder to his destination all companies in the world could compete in supplying the tickets, though they should cost the companies as much as the present service does.

In the above cases of street car, water and gas supply, competition must be local in its character; since, from the nature of things, the plant supplying a town must be placed within the town or near it, so that business is restricted to *one* city on the part of any company. The local character of the supply, as a cause limiting competition, applies but in a slight degree to telephone companies, and to telegraph companies scarcely at all, since electricity, the form of force used in them, is so easily transferred over long distances.

4. By an industry of "increasing returns" we mean one in which if we invest \$10,000 we may obtain a net return of \$500 a year, but if we invest \$20,000 we obtain a net return of *more* than \$1,000, *i.e.*, by investing just twice the original amount we obtain *more* than twice the gain.

Now, those we are considering are typical industries of that kind, but they are not the only ones. In fact almost any business partakes of that nature up to a certain point, *e.g.* the large piano manufacturer usually has a great advantage over his rival who works on a small scale, from the fact that the former is enabled to buy materials in larger lots and so get reduced rates. He is enabled to employ specialists, etc. Still this, as we know, does not destroy competition among such manufacturers. One reason is that there comes a point beyond which, from the nature of the industry, the advantages of increasing the capital involved become less and less.

While in the case of street railways, gas, etc., this point may not be so quickly reached as in most others, it is finally found; and extension beyond that point can be carried on only at a loss. This fourth reason is not, then, sufficient in itself to constitute them monopolies.

5. As to the last reason given, viz., the great advantage of certainty and harmonious arrangement which can only be attained by unity, this advantage is especially marked in the case of the telephone, where its utility largely depends on being able to communicate with *any* of the services in the city. It is more easy to arrange a system of transfers between lines of street cars if they belong to one company. If there be a break in the water or gas mains or defect in telephone wires one company cannot cast the blame upon another, if there be but one company in a district. That company must at once shoulder the responsibility and attend to the defect.

But these are not the only industries where the same element of certainty is an advantage. As a matter of fact, a family seldom change their butcher or grocer, because they know what to expect of him; and yet these are callings not at all monopolistic in their character.

We have now examined the five conditions and find that no *one* of them is present in such a way as to constitute street car traffic, waterworks, gas or electric light, or telephone service a monopoly.

But if we consider these five conditions, *taken together*, the result is quite different. The first ensures a demand, the second narrows competition to two or three companies on a thoroughfare, the third confines competition to one town, the fourth makes the prize of obtaining a monopoly so great as to change competition into a war to the death, in which the weaker company must be "absorbed"; while the fifth makes it a matter of public convenience that there should not be competition in these industries.

Section 3.—The Monopolistic Character of the Several Industries.

1. *Street Railways.*—Since it is physically impossible to have more than one double track on a street, the only way in which competition becomes at all possible is

- (1) To allow competing companies running powers over a common line of rails, or
- (2) To let them use adjacent streets for their tracks.

Of the two methods the former is clearly the better; for in the latter case, the cost of laying and maintaining an extra track (from \$1,200 to \$90,000 per mile)* is so great that the company could afford to give better service, if the money wasted in building the second track could be saved and expended in that way. Moreover, the impediment to traffic offered by street car lines, and the constant annoyance they present in residential quarters would be sufficient reason, apart from financial considerations, for confining them to the smallest number of streets possible.

So that, dismissing the case of competing on adjacent streets as wasteful and as a multiplication of an unnecessary annoyance, we have remaining the first named method, or that in which the same track is used in common by competing companies. This plan, with various modifications, is adopted in many American cities†; where it is usual for a number of companies to have running powers over common tracks in the "down town" or business sections of the city, and outside these to have their individual private tracks.

Now the chief considerations in a street car service are: (1) That it should take us to our destination with as little walking as possible; (2) That we should be able to get there as *quickly*, (3) as *comfortably*, and (4) as *cheaply* as possible.

Over that part of the road which is private property there can be no competition; for if roads are on alternate streets, the disadvantages in the way of wastefulness and annoyance dealt with above make themselves felt. If, on the contrary, they diverge to a

* *Toronto Street Railway Arbitration.*

† *E. g., Cleveland, Ohio.*

distance from each other so as to catch a local traffic, as is almost always the case, competition is at once destroyed, for no one will walk even two blocks farther than he need in order to patronize a rival company's line; more especially as the time lost in so doing will usually more than match any gain in speed or fare on the part of the more distant company's cars. Now, it is only for those taking a long ride that the item of comfort becomes important; but in taking a long ride the traveller is obliged to approach the suburbs where railways are far apart, and, as we have just seen, in such a case the paramount considerations are nearness and speed.

Although competition is thus so powerless as a regulator of street railway traffic, the faith that has been reposed in it by American cities is remarkable. From a list in the *Street Railway Journal* of July, 1890, the following figures have been computed:

468 American cities and towns have 878 street railways. Of these 335 have but one railway, 65 have 2, 23 have 3, 15 have 4, 8 have 5, 3 have 6, 4 have 7, 3 have 8, 2 have 9, one has 10 railways, one 11, one 12, one 13, and one 15. San Francisco has 16, St. Louis 19, New York 19, Philadelphia 21, and Pittsburg rejoices in the possession of 24.

The attempt to produce competition as shown in these figures has not been attended with any marked success. In fact, in face of the difficulties that have been sketched above, it would be very surprising indeed if it had been. In Philadelphia a syndicate has been formed, which controls most of the roads in that city. When the elevated roads of New York were built, an effort was made to keep the three lines distinct; but this effort was defeated, and they quickly amalgamated. The street railways of Newark, N. J., have been consolidated, and Boston, Detroit, Buffalo, Rochester and Columbus, Ohio, have recently followed the example. The Toronto City Council, after considering various proposals to introduce competing lines, have also, recently decided in favor of "an exclusive right to operate street railways in the city."

Mr. C. E. Stump, Vice-President of the Street Railway Publishing Company, New York, under date of Jan. 12th, 1891, writes: "It is impossible to tell how many lines are being controlled by syndicates, as lines are continually being bought up. Where the lines of a city are not all under control of a syndicate, those which are retain their individual name. The railroads of New York city are controlled by the Metropolitan Traction Company." Mr. Freeman, of the Detroit Street Railway, says: "Agreements usually exist between the street railways not to interfere with one another, and to run on common agreements."

So that it is evident that competition among street railways exists only in name, and that if the American cities in the list from which the writer obtained the above general figures granted charters on the supposition that they were going to obtain competition, they made a mistake.

The sooner that attempts to regulate this industry by competition are utterly abandoned, the better. Let us face the inevitable; and avoid the useless waste of capital involved in such efforts, by recognizing the true character of street railway traffic as a monopoly, and by dealing with it as such.

2. *Waterworks.*—The monopolistic features of waterworks are so apparent that they have been more clearly seen and more generally acted upon than in the case of any other of the industries mentioned. The necessity of water supply is so evident; the cost of providing it is so great; the public annoyance from the breaking-up of streets in the laying of mains, etc., so considerable; the immediate attention necessary in case of a break so unavoidable for the safety of the surroundings; in short, the whole industry is so intimately connected with civic interests, that very few American cities have attempted to create more than one system—far fewer than have duplicate systems in gas, or electric lighting, or street car service.

In Europe the movement is clearly in the same direction. Most of the cities provide their own waterworks; and, where this duty has been delegated to more than one company, the resulting inconvenience has been so great that there is an agitation in most places to abate the nuisance.

London has 8 water companies supplying 5,650,000 people. One charges £2 4s for what another charges £3 17s, and for the same service that the Glasgow waterworks, which are owned by the municipality, charge £1 9s 2d; with the further difference that Glasgow provides 50 gallons per day, and the London companies provide only 30 gallons per head of a population seven times as great. The London companies charge rates according to the rentals of the houses that they supply. These rentals have trebled since 1855, have doubled since 1868, and have increased 25% since 1880; and yet the companies though charging these increased rates, actually supply less water per house than they did 10 years ago. The value of their stock doubled in the years from 1871 to 1883. Some of the companies had a maximum dividend of 10% provided for in their charter; this limit two of the companies have reached. One company having no legal limit to its dividends pays 12½%, and the lowest pays 6%. The total value of the waterworks in the city is £33,000,000, and after deducting running expenses, etc., it is estimated that they repay their owners \$500,000 a year over the current rates of interest. In so vital a matter to the city, moreover, as protection against conflagrations, the Fire Brigade finds itself continually hampered by the lack of pressure and scarcity of water under the present system. In February, 1890, a committee was appointed by the London County Council, to consider the taking over of the various waterworks. This committee has reported in favor of the scheme and the Imperial Parliament is being asked for the necessary powers.

3. *Gas Supply.*—In this industry the tendency to monopoly is scarcely less marked. The difficulties of attempting to regulate it by competition and the benefits of managing it as a recognised monopoly, are so clearly proven by the past experience of American and European cities that a reference to some of them will here be made.

In London, England, the principle of assigning each company a distinct territory which had been in vogue for 20 years was abandoned in 1842 and competition encouraged. As a result, six different companies laid mains in Oxford Street. During the pandemonium that ensued, such little incidents as waste in leakage resulting from a change of service hastily made, the connecting of a house service with the mains of a wrong company, or even the connecting of two different companies' mains together, passed unnoticed in the clamor for customers. In the war of rates that ensued, consumers obtained gas for one-sixth the price of production, while, through the jealous secrecy maintained by the companies, some obtained their gas for nothing by representing themselves as taking from some other company than the one demanding payment.

This state of things could not long endure. The tearing up of the streets for the frequent changes of service presented such an obstacle to traffic, and the escape of gas became so dangerous as well as disagreeable, that the authorities had to interfere. In addition to the public inconvenience, the companies suffered severely and several became virtually bankrupt. In 1853 the 13 companies came to terms with one another, divided the city into districts each taking one, ceased competition and each adopted one uniform rate for the whole of its district. Prices were greatly increased, and it was evident that the consumers would now have to pay for the unnecessary mains, etc., that had been buried during the enthusiastic period of competition. Notwithstanding the public outcry a Parliamentary inquiry, after careful consideration, indorsed this action, and provided a system of regulations. Amalgamation of the companies followed, and by 1883 the thirteen companies had become three. Their stocks now sell at from two and a half to three times their nominal value and their owners receive from 12 to 18 per cent. interest per annum. In the English provincial towns, and on the continent, much the same result was obtained more quickly, e.g., in Paris the companies were "districted" in 1839, and consolidated in 1853.

The same experience has been passed through by upwards of a score of American cities and always with the same result. The case of Detroit is a typical one. The mayor, Mr. H. S. Pingree, writes as follows:—

"A franchise was granted to a second company to do away with the monopoly of the first. One of the conditions of the grant was that there should never be any com-

bination, or division of territory under penalty of the forfeiture of the franchise, and of a heavy bond, which was entered into at the time of the grant. Within two years, as I remember it, the companies divided territory, each taking one-half of the city, exchanged property according to location, and immediately put the price of gas up to the old figure before competition commenced. The city fought the case in the courts, but was eventually beaten, and the companies have been going along in their own way ever since."

A Congressional Committee has reported that "it is bad policy to permit more than one gas company in the same part of the city." "Competition involves at least two or three and even more works where one would be sufficient. It means two or three or even more mains where one would be ample. It necessitates a corresponding number of different services in each house, and an enormously large number of inspectors and collectors, and all for what? Cheaper gas? By no means. The enormous sums of capital which such a system wastes will certainly try to earn dividends in some way or other, and the only means is in high prices of gas, or else what amounts to much the same thing, in a poorer quality. When the public is finally compelled to take hold of the matter in earnest, to remedy the abuse, as it always must sooner or later, the large sums of wasted capital are always put forward as entitled to some consideration in fixing the rates."*

Whether cities have learned lessons from history, or whatever the reason, fewer attempts at competition in the gas industry have been made of late years than formerly, and the business may now safely be set down as an absolute monopoly.

4. The *Electric Lighting* industry is so young that it has scarcely yet been sufficiently studied to be relegated to a final position. From a comparison with the characteristics given on page 13 as peculiar to municipal monopolies, it may fairly be included in the number, as it possesses them all to a very considerable degree. It has become a necessity; it occupies favored tracts of land; the plant must be in or very near the place supplied; it is an industry of increasing returns; and requires certainty and harmony in its workings. Of the *Telephone service* much the same may be said. The last named consideration, however, that of certainty and harmony of arrangement, becomes far more important. A prime necessity in the use of the telephone, is the certainty that from any one instrument any other in the city may be reached through the one central office. A choice of lines would be no less confusing than would be the necessity of choosing one of half-a-dozen alternative routes when mailing a letter. One would always be possessed of the exasperating fear that he had chosen a wrong one, and that his message would, after all, fail to reach its destination.

Probably the most characteristic feature, both of electric lighting and of telephone service is their occupation of the public streets, either above or below ground, for their wires. One has but to look about to see the undesirability of increasing the unsightly maze of wires above our heads. On the first appearance of these industries, almost every town, carried away with enthusiasm, gave some company untrammelled rights, trusting that, if it abused its privileges, some other company would readily enter into competition with it, as in ordinary undertakings. From their peculiar monopolistic nature, this expectation could not be realized; and where competition did ensue, it was of the deadly character previously mentioned, giving the consumer a short ecstatic period of cut prices, but ending in the ruin of one company or its consolidation with its rival. In either case the survivor would not forget to charge sufficient to make up the loss it has sustained. So, too, it often happens that in the aerial labyrinth there are some "dead wires" of defunct companies left there when the smash came. These go to swell the constantly increasing number of overhead wires. It is evident that this cannot go on for ever. The public cannot consent to have their sidewalks fenced off from the roadway by a palisade of more or less ungainly poles.

Not only this, but the multiplication of wires constitutes a very real menace to public safety. The following, from a recent Chicago paper illustrates a common occurrence:—

*Prof. James, *The Relation of the Modern Municipality to the Gas Supply*.

"The fire-alarm wires became crossed and tangled with those of the telegraph and telephone companies, cut by the firemen. The result of this was to render useless the gongs and bells in the police stations and newspaper offices. The great gong in the city hall got out of order at midnight, and refused to record an alarm. In the offices the bells, the connecting wires of which were crossed with telephone wires, rang almost incessantly."

It is evident that quite apart from financial considerations, the sudden disorganization of the system of communication upon which the order and safety of a city are based, is a very serious matter. The advantages of reducing the wires to the least number possible, when strung overhead, are manifest. When stretched in subways the advantages of limiting the number are of another kind. Here cost becomes the ruling factor, and increases with the number of wires, so that a vast and unnecessary outlay of capital must accompany any attempt at competition, such as we saw to be the case with the gas monopoly.

When electricity was first introduced as a lighting agent, it was opposed by gas companies, who claimed by their charters a monopoly. In Great Britain and Ireland an Imperial Act (45 & 46 Vic., c. 56), established that what they possessed was a priority, not of lighting, but only of gas supply. Electric companies at once entered into competition with gas; and this competition has had a very considerable effect upon prices. As previously pointed out,* however, each seems to be specially fitted for some kind of illumination; and it is a significant fact, that in the United States, more than 300 companies are operating electric lights in connection with their gas works, and that during the year from March 1889-90, the gas companies increased their ownership of electric lights by almost 50 per cent.†

Where competition is attempted in telephone service the kind of warfare that characterizes these monopolies is shewn in a couple of Canadian instances. In Montreal the Bell Telephone Co. is opposed by the Federal Telephone Co. Mr. Size, the President of the former Company, says:—

"Of course the business in that city (Montreal) is being operated at a loss, but we are doing five-sixths of the business there." Of Peterborough, Ont., where the Bell Co. is also opposed, he says:—"We are now supplying instruments free of charge to kill opposition."‡

Before leaving the subject of electrical operations it is necessary to point out that one undertaking is often considerably impeded by the near presence of another; and that their reciprocal action one upon the other is often productive of serious and unexpected results. Thus where an electric street railway is in operation, the "return current" from the car always interferes with the telephone service to a greater or less degree. And again, when an electric light wire touches a telephone wire the latter immediately suffers, often burning out the instruments, and becoming a source of danger to the neighborhood.

An attempt has been made in the preceding pages to prove that some industries necessary to city life, e.g., water supply, street railways, gas and electric lighting, and telephone service, are, from their nature, incapable of regulation by competition. § If this be true, and competition is attempted, it can only be carried on at great loss of capital and public convenience. If the monopoly be partially recognized, as where

* Page 11.

† The electric street railway company, the gas company, and the electric light company have recently amalgamated in Danville, Ill. In two Canadian towns, Sherbrooke, Que., and Moncton, N.B., the electric light, gas and waterworks are the property of one company, with good financial results in each case, according to all accounts.

‡ Quoted in *The Monetary Times*, Toronto, January 16th, 1891.

§ "A new corporation invariably joins with the old, and the thumbscrews of the double monopoly are turned up tighter." *Inaugural Address* of the Mayor of New Haven, Conn., Jan., 1891.

each company is confined to one district of the city, all the advantage of carrying on a business on a large scale, *e.g.*, a minute division of labor, and with it a more thorough classification and harmony of management is lost. The city, instead of reaping the tremendous advantages arising from its dimensions, is virtually split up into a number of small towns, requiring entirely separate plants for each, suited to its size thus involving a great waste of capital. So that all the chances for possible cheapness lie on the side of a monopoly, absolute and undivided. The true way to deal with these industries then, is to recognize fully their monopolistic nature, discountenance any attempt at competition or partitioning the city into districts, and maintain each franchise intact.

As the ordinary means of keeping these industries within proper limits, *viz.*, competition, has failed, and as human nature is not yet free from selfishness, we must find some method by which we may secure the body politic from the inconveniences that will result if the supply of such services is left to private initiative free from controlling conditions. Nowhere is there a more absolute break-down of the premise on which is reared the policy of *laissez faire*, *viz.* : that what is most for the interest of the individual, is also most for the interest of the community.

Where shall we obtain the power to compel the carrying on of these undertakings in a manner not antagonistic to the interests of the general public? There can be but one answer, *viz.*, in the power of control vested in the municipal or the central authorities. The only question that can arise is, How far shall public control extend, and how large a domain may best be left to private enterprise? A thousand considerations must enter into the determination of each individual case; and according to where the line is drawn will the management of any monopoly be assigned its place in one or other of these two divisions:

1. Management by *private* enterprise, whether coupled with (a) private ownership, (b) private ownership with right of public expropriation, (c) public ownership.
2. Management by a salaried staff of public officials, the municipality owning the plant and carrying on the industry.

CHAPTER II.—COMPARISON OF PUBLIC AND PRIVATE MANAGEMENT OF MUNICIPAL MONOPOLIES.

In deciding whether any given municipality should assume full control of any one of these monopolies, or if not, how far it should go in imposing restrictions upon the private parties carrying on the monopoly, so many questions peculiar to the locality and the people interested must be taken into consideration, that any attempt at the drafting of absolute rules must be abandoned as hopeless. The greatest of these disturbing elements, and one which must be a factor in the question everywhere, is the *dishonesty* of public officials. This must of course vary in every town, according to the public sentiment and the morality of people and officials, the carefulness of the inspection given, the proportion that the salary of public servants bears to the expenses of the style of living they are presumed to adopt, and a hundred other things. Now it would seem that if we could free ourselves from this most difficult element, and neglect it for a time, we might be able to arrive at some general conclusions near enough to the truth to be of value, which would admit of qualifications to suit the different degrees of faithfulness met with in the different administrators of public affairs.

Section I.—Some Abstract Financial and Economic Considerations.

Bearing in mind, then, that for the present we are leaving this question of the relative efficiency of public and private service on one side, let us look at some of the *financial* and *economic* considerations that must be taken into account in deciding for public or for private control.

Three cases arise :

- 1st. Where the monopoly fails to pay expenses.
- 2nd. Where its earning power is near the border line of expenses, either above or below.
- 3rd. Where it is yielding large returns.

1. In the first case, where the monopoly is clearly a losing game, it is evident that the less the municipality has to do with it in the way of assuming the property the better. A town must reach a certain size before those industries we are considering can be made profitable, *e.g.*, to have a street railway in an ordinary town of less than 5,000 people is a folly for which some one must pay.*

Accordingly we find that it has been a general rule for the first street railway company established in a town to go under in the course of a few years. The plant is then bought up by some other company at a fraction of its cost;† and the earnings which were a loss to the first company may bring a surplus to the second, owing to the less amount of capital they have invested. When the municipality begins to think of assuming the business, it is also a general rule for the second company to urge the hardships undergone by the first, as if that were a reason why they should be paid more, when they have already profited by the disaster of their predecessors.

Great caution must be exercised to determine the true condition of affairs. In representing the returns of the business, if a good showing is desired to be made, it is not uncommon to leave out of account such items as interest on the capital expended, any percentage for sinking fund or deterioration in value, etc. On the other hand, companies may find it advantageous to conceal their real profits, under the cloak of secrecy which many of them are still unfortunately able to cast over their proceedings. There is a shrewd suspicion abroad that the huge masses of stock upon which some of them reckon dividends have been obtained mainly by the addition of large quantities of water. One of the great difficulties attending this subject in its consideration, either by municipal authorities or economists, is the almost insuperable obstacles in the way of obtaining reliable statistics. This has prevented investigation in this field; for if there is one thing more discouraging than another, more likely to cause paralysis of action, it is to find utterly conflicting figures given on the one hand by those who have all the means of knowing but whose interest it would be to suppress the truth, and on the other by those who, though honest enough, have no means of ascertaining whether the estimates they give are more than mere guesses. Some more adequate returns should be insisted upon than are at present obtainable from these monopolies in most of the cities of the United States and Canada. It is clearly an advantage to have the power of appointing an auditor to go over the books of the gas company in Toronto, rather than to have no such power as in Montreal, or as in the cases of the street railway companies of both cities. This information might be given to the public or it might not; but in any case it should be known to the authorities of the municipi-

*How closely the prosperity of a street railway corresponds with the growth of the city it is in, is shewn by the following figures given by the Toronto Street Railway Co. during the recent arbitration :—

Year.	Population.	Passengers carried.	Trips per head of population.
1870	50,516	616,460	12.2
1880	75,110	2,869,664	38.2
1885	105,211	7,386,208	70.2
1890	160,141	16,310,444	101.8

† In St. Thomas, Ont., the Street Railway that cost \$14,000 to build was recently sold for \$2,300.

pality. It would not be any injustice to the owners of the monopoly; for, as the business is one not susceptible of competition, it cannot be injured by the outside world coming into possession of the knowledge. The only way in which it could result in a way detrimental to the owners would be by its being taken advantage of by the urban authorities, who, from the intimate connection between these monopolies and the public interests, have a right to the information; and if it were granted by the owners it would at once free them from that "carping criticism, unreasoning hostility and base suspicion" under which they groan so bitterly, and which is no doubt, in very many cases, quite uncalled for. The remedy, however, lies in their own hands.

This right of secrecy was no doubt granted when these undertakings were first set on foot, in the carelessness born of novelty, enthusiasm and ignorance of results. But it is high time the public authorities disposed of this unfair advantage.

Our municipal authorities themselves have been scarcely guiltless; and the book-keeping of some American cities in regard to those monopolies over which they have had even full control, has been done in a manner mystic, wonderful, which none should ridicule, for surely none can understand.

2. Where the earning power is upon the border line of expenses, it may be advantageous for the municipality to acquire the industry in the following cases:

(a) Where a town is growing, so that, its future being assured, a surplus may be relied upon in time.

(b) Where the town already owns one such monopoly, and can economically manage another in connection with the first, *e. g.*, by utilizing for electric light the power necessary for waterworks. In such a case care should be taken to keep the accounts of each perfectly distinct.

(c) Where a municipal corporation can use its credit to borrow money at a considerably smaller rate of interest than a private company and this difference is sufficient to turn a deficit into a surplus at the end of the year.

The position is not changed by the company using its own money instead of borrowing; for its members will hardly enter into an undertaking offering lower interest than is obtained from, say, first mortgage bonds, upon which there is no risk. The rate of interest upon such bonds is almost always more than that yielded by city debentures. The constitutional limit placed to the borrowing power of cities in the United States, although useful as a check to rash speculation, has in some instances been an obstacle to progress. It has hindered the attainment of necessary property which was rapidly increasing in value, so that when at last the city has finally obtained what it needed it has had to pay many times what would at first have been necessary. A case in point is the taking over by the City of New York of the lands required for straightening streets. Another is the difficulty met with by many cities of the Central and Western States in the assumption of their gas and waterworks, etc. The limit should at any rate be more elastic. The attainment of a valuable and necessary asset in return for the money borrowed to win it, need scarcely be looked upon as a menace to a city's future.

(d) Where the management of the private company is so inefficient that the municipal authorities can certainly improve upon it, so as to make the investment a lucrative one. This is a state of affairs that, according to the advocates of private initiative in business matters, can never occur.

Social considerations. A company, under the terms of their charter, sometimes cannot be compelled to conform to the wishes of the municipal government, *e. g.*, in the matter of extending their system to sparsely settled suburbs, or the giving of such conveniences as the transfer of passengers from one route to another. If the change proposed is financially expedient for the company it will, of course, usually be ready enough to comply; but it would often not pay the company to do so. If the municipality is obliged to subsidize the company to get it to carry out the improvements, it is clear,

from the nature of things, that since the company must be better able to tell the real cost of such improvement than the city officials can be, and since there can be no competition with the established company, the city must always pay very dearly indeed for the improvement. In such a case the exercise of the right of the community to take over the company's franchise, if the municipality possesses the right, may be a convenient way out of the difficulty.

Indeed, it is the duty of the city government to provide for the free extension of city limits; and, by securing for the people of the suburbs sure and easy access to the centre, together with the ordinary amenities of city life, to relieve the central parts of that excess of population which is now its curse. Not only this, but it is the duty of the community to provide for those who cannot otherwise afford them at less than cost, and even free where necessary, those essentials to a decent life, such as abundant pure water, light, etc., which have been dwelt upon in the beginning of this paper.

Private companies cannot be expected to drain their pockets to accomplish this result. It is as much the work of the community as is the free public school system of which America is so proud, and should go hand in hand with it. The intimate connection between filth, disease and the commoner kinds of crime is becoming more clearly understood. Glasgow supplies free fountains for the use of the poorest classes to draw supplies for domestic purposes, and the hospitals and charities of the city are supplied gratuitously with water. The city also pays part of the cost of lighting the stairs of tenement houses with gas; and it arranges with the street car company for certain "runs" much used by workmen at the rate of a penny for a "run" of considerably more than a mile, while morning and evening cars are put on at a charge of about a cent per mile.*

It is said that in London, England, the sanitary improvements of the last few years have lowered the mortality rates by a third.† Although this is probably an over-estimate,‡ still a great improvement has undoubtedly taken place in the mortality rate, and, as an accompanying result, probably a still greater decrease in the amount of sickness, for which there are no statistics. All this points to an increasing attention being paid by cities to their sanitary condition.

"A solemn duty exists to treat cleanliness and police and drainage and water supply as questions of business and philanthropy to be settled on their own merits, from which there is for honest and humane men no escape. In this lies the solution of the great municipal problem. There is no other way in which great cities can be saved."§ Whether one of these industries will reap for the city a rich financial harvest is not the first or only question which should be taken into consideration. How they can be best used for the general well-being of the citizens is a more important question. That this consideration varies in importance as applied to the various industries we are considering is of course apparent. Sewers are necessary though they yield no financial return. Sufficient water supply and a certain amount of street lighting are not less essential; although for the latter, gas as providing a less brilliant, more divisible and, therefore, less expensive light than electricity, is more of an essential and less of a luxury than it. In very large cities cheap transportation is an essential, in small cities it is not. And we have not yet arrived at the point, nor probably ever shall, when telephone communication will exert such an influence upon the people at large that its character will be changed from being a luxury to being an essential.

* But although Glasgow has extended her parental policy to the providing of public picture galleries for the middle classes, and public laundries and cooking stoves for those at the lowest end of the social ladder, she still empties her sewerage directly into her dock-bordered river, a fact which anyone who has had occasion to travel upon the Clyde has distinct cause to remember.

† A. Shaw in the *Century Magazine*, Nov. 1890.

‡ See *Statistics and Economics*, by R. M. Smith, in Vol. III. of the Publications of the American Economic Association.

§ *Municipal Government of New York*, in the *North American Review*, October, 1890.

3. Where a *large surplus* is being earned by one of these city monopolies, it is plainly better that the gain should go into the civic treasury than that it should find its way into the pockets of the holders of the monopoly. This is especially true in view of the difficulties in the way of an equitable mode of levying taxes in city communities. These difficulties have presented themselves so strongly to writers upon taxation that some of them have seized upon the apparent solution or partial solution of the problem of city taxation presented by the revenues which these monopolies can be made to yield. They would turn this money into the city coffers and lower general taxation.

But this is merely putting in the place of *direct* taxation with its easily seen cases of injustice, a mode of *indirect* taxation which though not less unjust is more difficult to trace, and therefore more difficult to rectify. Like indirect taxes in general, this may be paid with less outcry than a direct tax would be, because those paying it do not know that they are being taxed, but it is not less unfair on that account and but little less injurious in its effect. Raising funds for civic necessities in this way has, of course, the incidental advantages possessed by all indirect taxes, *e.g.*, that they are collected in comparatively small sums, and are therefore not so much felt by the consumer as a direct tax payable in large amounts would be. But rates for water and lighting paid quarterly, amount to sums sufficiently large to be seriously felt by the ordinary householder; and the case of street railway traffic, to which the above rule of small payments would particularly apply, presents a fatal objection in the fact that a tax upon it is a tax upon the lower and middle classes only. The cars of a street railway are scarcely used at all by the very wealthy who have their own horses and carriages. This, then, is not a solution to the great problem of finding an equitable mode of taxation for American cities.

The lesson from the preceeding is, that when a city assumes control of one of its monopolies, whatever mode of future management may be decided upon, whether public or private, that management should be based on the principle that only a very moderate surplus, if any, should be obtained, and that the conditions attached to the franchise and the prices exacted from consumers should be fixed in order to bring about such a result.

Section 2.—Relative Efficiency of Public and Private Servants.

This is probably the most important as well as the most difficult subject to consider in connection with the management of Municipal Monopolies.

It is *difficult*, from the state of affairs never being precisely the same in different localities, and from the manifest obstacles in the way of arriving at truth when the only persons who could give the desired information are those who are interested, who will give us only such returns as they see fit, for business purposes, to publish, unaccompanied by any guarantee of their accuracy.

It is *important*, from the fact that, in the ordinary city, the industries we are considering do not yield such unlimited revenues that an incapable management cannot change a paying concern into one with a deficit; while an administration that is capable, but corrupt, may so use the funds derived from their control of public industries as to intrench themselves almost impregably against the attacks of honest citizens. A notorious example of this is furnished by the gas ring of Philadelphia.* Successful crime is the most contagious of all diseases; so that in such a case, the most important consideration to be regarded is not the direct financial loss, great as that may be.

Waterworks, street railways, etc., have attained their importance during the last half century, the same period that has witnessed the triumph of democratic principles of government. We should, therefore, expect to find, where the management of these industries has been taken over by the municipality, that that management will partake of the evil characteristics as well as of the good, belonging to "government by the people." This form of government is supposed to reflect very closely in the rulers—

* See Bryce's *American Commonwealth*, Part v., Chap. 89.

the moral peculiarities of the ruled. Now, it may probably be set down with perfect safety that the body of British electors, or the residents of British cities are neither more intelligent, more honest, nor less democratic than their compeers on this continent. Yet it is generally conceded that British cities are more fortunate in their selection of magistrates than are those of the United States or Canada. Why should this be so?

The piquant frankness with which American newspapers are wont to explain to public servants their present and past failings is not calculated to inspire capable men with much enthusiasm for civic honors. But what is probably of more importance than this in determining the personnel of our city councils as compared with those of England, is our lack of a wealthy class, who, having the time to devote to the management of public affairs, enter political life without any desire to make an income by it, and thus maintain a comparatively high standard throughout the whole of public life.

Capable Americans are too busy making money to spend time in the unappreciated labors of city management. In Germany, on the other hand, where a bureaucratic system calls the best men into public service, we find public affairs better attended to than private. It would seem that in this matter "we cannot spend our penny and keep it." In America, there has been an excessive application of intellect and ability to the furtherance of private interests, and public interests have suffered accordingly.

As a result of this selfishness of the capable (with, of course, the usual honorable exceptions) a poorer class comes to the front. This would not be so serious were it not that upon the character of the head of a department depends so much of its efficiency. The ordinary paid subordinate sees before him no very high or lucrative situation to be attained by exceptional brilliancy. It is not the custom to pay *any* civic servant such a remuneration as for example many bank managers obtain; and while there may be but few very good positions in private business, yet every employee feels that he *may* reach one, and the chance nerves him to higher endeavor, and makes him satisfied with smaller wages at first. It thus happens that private concerns pay less salaries to begin with and offer greater prizes in the end than public departments.

Besides the difference in possible remuneration, there is the difference in the way in which advancement is to be obtained. The public servant knows that what his principal desires of him is the quiet performance of his duties in such a way as not to attract public notice, and the criticism which is pretty sure to accompany it. Nothing new is wanted; above all, no experiments. In the routine of office work, the public employee sees more and more clearly as time goes by, the motto before him:

"All hope abandon ye who enter here,"

and he relapses into a vegetative existence, waiting for his superiors to die that the way to his advancement may be cleared. But this is not the only mode of clearing the way; and when he observes the potency of outside pressure upon his chief, he may give up the attempt to rise by merit and may direct his attention to the procuring of the necessary influence.

The private employee knows he is being watched closely by his principal; a man who understands the intricacies of the business, and whose repulse to a requisition for increased salary is final, until it is revoked by a conviction of the increased value of the services rendered. With a knowledge of the absoluteness of this decision, the private employee sets himself to earn the increase instead of manipulating wires.

When civic officials are exposed to dangers and temptations such as these, the withdrawal of capable men from public life as representatives of the people, is the more to be deplored. The public service is surely not less a duty calling for unselfish action by those competent to manage its affairs, than would be its defence if physically assailed. In the meantime, municipal politicians may very often be placed in one of two classes, the honest incapable, and the dishonest incapable.

The *dishonest incapable* goes into politics "for the money in it," and is the legitimate result of the excessively wide franchise which has been very generally granted in America with no guarantee for its intelligent use. This, and the extent to which federal politics are carried into municipal affairs make the United States city his recognized home. As a "ward politician" he is thoroughly in his element; and representing a small constituency, he makes it his "business" to know everyone in it. The honest, he can often neglect; for they show their disgust of the way things are managed, and their contempt for him and his ways by "not taking any interest in municipal matters;" precisely the course he would have them pursue. With those "ward heelers" who sympathise with his view that "the city is made for the aldermen," he has more difficulty. But, by the long discipline he undergoes before he has reached the top, he has learned the system of "give and take," which is necessary to prevent "unpleasantness" among his friends.

Another result of the long training he has undergone with the prize of the spoils before him as an incentive in the race, is an experience which makes him more than a match for the *honest incapable* who has been placed in the council by a passing wave of public interest produced by some impropriety more glaring than usual. As a result of their combined efforts, we have the American system of municipal book-keeping.

Under circumstances in which truth is so hard to discover for the average citizen, and he knows not whom to believe where anyone may be interested, it is important that the central power should take steps to obtain accurate returns. And yet in the census reports both of the United States, and of Canada, nothing of importance is shown in this department. In Great Britain, the sessional papers give closer and more accurate figures; but on this continent it is still possible for officials to charge the expenses of one department to such other department as is best suited for their purpose, *e.g.*, the expense connected with running electric light plant is sometimes put to the debit side of water works account, and cost of refitting carbons, etc., to fire alarm department.*

Now, it is evident that this outlay must be entered in the books somewhere, and it is just as evident that if there is no check upon him, the head of two departments, one paying, the other losing capital, may render the unprofitable one less unpopular by charging its deficiency to the former.

This may be done in all honesty, where an electric light plant is being run at night by the same engines as supply the water works during the day; a great saving is effected, and who shall say *exactly* how much coal, labor, and wear and tear of machinery should be ascribed to the cost of electric lighting and how much to waterworks? This is a question for technical experts to settle, and there is evidently a considerable margin for honest disagreement. But if we find that under such circumstances *none* of the expense is charged to the electric lighting department and *all* to the waterworks, we may be tolerably sure there is some "mistake;" and to accept results so obtained as the happy result of municipal control of electric light as compared with private management is most unfair to the latter.

Again, in the case of municipal waterworks, the city generally arranges a schedule of rates calculated to just meet expenses and no more. What are *expenses*? Should interest on the cost of construction be reckoned in the list? If so, what rate of interest? (a) That paid on the construction bonds, of say ten years ago, when money was dear, or (b) that paid on present cheaper loans effected by the city? There are reasons for adopting either of the two methods and according to the rate decided upon will the water rate be placed at a higher or lower figure.

But if we find a city where the waterworks debt has all been paid, say by taxation, and where accordingly there is no interest at all to pay, or, as is the general rule, part of the debt is paid and part unpaid; if, in the first case, no interest is taken into account at all, and, in the second, only that paid on the still outstanding debt, it is evident that the water rate charged citizens will be less than if these interest items were

* See the statements of Mr. Francisco at the Electric Light Convention at Cape May, N.J., Aug. 19, 1890.

debited to the waterworks account, as a private company would be obliged to debit them in order to make both ends meet. Where the citizens have thus taxed themselves in order to obtain low water rates, it is scarcely fair to regard such reduced rates as a triumph for municipal management.

Under any system of management, breakages must be accounted for when they occur. But how about deterioration in value? A buried gas pipe has a life of so many years, at the end of which it is useless. Some account should be taken of this, and, as each year contributes to the destruction, so should there be an annual estimate of the loss put by as a sinking fund to replace the pipe when necessary. Companies take this into consideration and charge accordingly. The city official does not always do so. Hoping it may not occur in his time, and desirous of pleasing his constituents by reducing the gas or water bills that always seem so large, he puts off the evil day, on the principle "After me the Deluge."

While considering the advantages that civic officials have, or take for themselves, as compared with the servants of a private company in rendering their accounts and estimates, we must not neglect one great disadvantage. When the municipality owns and controls one of the monopolies, it is the custom not to charge the city with the amount of service it requires of that department, *e.g.* : if a city owns its waterworks, it does not usually pay for water required for streetsprinkling or fire purposes ; while, if a private company were carrying them on, the city would be obliged to pay for both.

Section 3.—Some Comparative Statistics.

How a system has worked in the past is perhaps the very best criterion of its value. But to form an absolutely accurate estimate of past experience, we must be in possession of *full* information regarding it. This is evidently impossible. We can never know a period in the history of an individual fully ; for to do so, it would be necessary to penetrate his thoughts ; and even he could not enlighten us, for there are numberless outside influences continually at work upon him of which he is himself unconscious. If impossible in the case of an individual, how much more so when we consider an industry, a city or a nation. But the fact that we cannot hope to arrive at absolute truth is surely no reason for ceasing our endeavors to approach it more closely. The more uncertain our statistics, the more rough must be our conclusions drawn from them. The science of the statistician is one of comparatively recent origin. Its importance is becoming more clearly seen every year ; more accurate methods are being arrived at ; and each succeeding Government census embraces many new departments.

In the British "Parliamentary papers," reasonably reliable figures may be found ; but in America these municipal monopolies have not as yet been reached.* We must therefore depend upon private enterprise for such knowledge as we possess regarding their working in America, except in a few States having special Boards of Gas and Electric Lighting Commissioners.

Waterworks—In this department, credit is due to the very complete descriptions and figures given in the "Manual of American Waterworks" from which the following facts are gleaned :—

Of the 1,960 waterworks in the United States, 818, or 41.7 per cent. are owned by public corporations, and 1,106, or 56.4 per cent. by private companies ; remainder unknown.

Of the 83 waterworks in Canada, 48, or 57.8 per cent. are owned by public corporations, and 35, or 42.2 per cent. by private companies ; remainder unknown.

But although more than half the works are in the hands of private individuals, yet, owing to the large cities almost invariably owning their own water supply, the population served by private works is only about one-half that served by public works.

* With the exception of a short notice of telephone service in the United States census of 1880.

Coming now to the prices charged for equal service by public and by private water-works respectively, the editor of the "Manual" finds the following differences:—

The average total family rate for 318 public works is \$21.55 per year.
" " " 430 private " \$30.80 "

so that the private charge is 43 per cent. more than the public charge.

In Canada the above charges are, public \$21.07, private \$31.43.
In Ontario " " " \$21.12, " \$25.01.

In Canada as a whole and in Ontario by itself, therefore, the private charge is 50 per cent. and 20 per cent. respectively, more than the public charge.

But if a system has *cost* more it is only fair that it should *charge* more for what it supplies; but

In the United States, including the Pacific States, the cost of private works per family was 15 per cent. more, while they charge 43 per cent. more than public.

In the United States, excluding the Pacific States,* the cost of private works per family was $3\frac{1}{2}$ per cent. less and they charge, $31\frac{1}{2}$ per cent. more than public.

In Canada, the cost of private works is 42 per cent. less per family, and they charge 50 per cent. more than public.

In Ontario, the cost of private works is 35 per cent. less per family, and they charge 20 per cent. more than public.

In regard to the above figures, which shew so great a triumph for public, as compared with private ownership of waterworks, the objection might be urged that they are the returns for rich men's requirements, and that the ordinary citizen does not require water for a horse, or to wash a carriage, which are, it may be remarked, included in the editor's estimate of family consumption. A close examination of charges shews, however, that little change in the above results would be effected by taking into account the price of the first water tap merely.

Applying the criticisms of public management given on pp. 26-27, the advocates of private control will immediately claim that these figures are of no value, since municipalities do not expect to meet interest on the whole cost of the waterworks, nor yet do they provide a sinking fund for deterioration in value, that the plant must undergo from year to year; and, therefore, that to the charges of public works, should be added yearly a certain percentage of the cost price. As a matter of fact, however, this is far from correct. In sixteen towns and cities of Ontario, having public waterworks, 98 $\frac{1}{2}$ per cent. of their cost is still unpaid; and an examination of American city finances shew that we are perfectly safe in estimating the debt on public waterworks as over 90 per cent. of their cost. The charges on water are usually placed high enough to cover interest on actual debt; as a result, the only advantage possessed by public works over private, in this matter of unpaid interest, is the interest on this 10 per cent. of the cost price; which at 5 per cent. would amount to one-half of one per cent. per annum. A sinking fund is not often provided by civic administrators, the cost of repairs being counted when they occur. On the other hand, however, many cities are in the habit of raising part of their revenue from a surplus water rate,† so that the charges of public works are thus higher than they need otherwise be.

* The reason for excluding the Pacific States is that large irrigating projects are combined with the water supply of towns. The difference there is six times as great as in any other group of states, the cost of public works being \$62 per family, and for private \$275.

† Toronto has raised \$290,000 in this manner during the past six years.

In favour of public charges also, is the greater sum paid by a city for the water required for public purposes, *e.g.*, street sprinkling and fire supply, where a private company supplies the water, when compared with what is paid when the city owns its own works. In the latter case but a paltry sum is charged to general taxation, often nothing, seldom more than one-half of one per cent. on cost of the works. When obtained from a private company, this water is charged for; the annual charge varying from 1 per cent. on the cost price of the works, to 6 per cent.;* the usual amount being about $2\frac{1}{2}$ per cent.

These additional advantages and defects of municipal waterworks, as compared with private works, (a comparison which we are not able to institute with entire satisfaction, partly because of the defective way in which civic departmental accounts are rendered, and partly from the absence of collected statistics), might probably be set off against one another. If so, the tremendous advantage of public over private ownership of waterworks, regarding their cost and the prices charged is evident from the figures just given.

If the charges of public waterworks bore the same proportion to those of private companies, as their cost bears to the cost of private works, the cities and towns of the United States might on the average put by 5 per cent. of the cost of their works annually as a surplus or sinking fund, those of Ontario, 11 per cent., and those of Canada, 25 per cent.,† over and above any provision that they now make. The advantages of public ownership are much more apparent in large cities than in small. The majority of American cities, having a population of more than 10,000, own their own waterworks. In Great Britain also the large cities adopt the same policy, particularly those where a reform in municipal government has recently been effected, *e.g.*, Birmingham, Glasgow and Liverpool. From an early recognition of the intimate relation between the general development of a city and its water supply, these cities have usually applied any surplus arising from its management to a further reduction in the price. The Public Health Act (Imp. Stat., 1875) permits local authorities to provide a water supply, if they have none; or, if the supply is inadequate, they may undertake the construction of works by obtaining the consent of the Board of Trade.

Gas.—According to returns given in an English Parliamentary Paper, there were, in 1889, in the United Kingdom, 405 gas works owned by private companies, operating with a capital of £38,000,000, and 173 owned by municipalities, worth £21,600,000. The average production, in cubic feet, of gas was, for the private works about 147 millions, for the public $171\frac{1}{2}$ millions, or one-tenth more,—*i.e.* public works are larger than private. From each ton of coal used the private companies get 10,242 cubic feet of gas, while the public works get 9,975. This difference may arise from the different grades of coal used, or from the different processes used in extracting the gas. A process which extracts more gas from coal leaves the residuals less valuable for the purposes to which they are now applied, *e.g.*, the production of dyes, ammonia, etc.; and it is a question how far the baking process should be carried in order to give the best financial results. The difference in policy pursued in this respect seems to have been decided upon some years ago; as the average since 1881 has been for private works 10,235 cubic feet of gas, per ton of coal, and for public works 9,986 cubic feet. A matter of much more importance, as showing the comparative efficiency of public and private management, is the amount of gas actually consumed, as compared with that made, the difference representing the leakage that occurs. The private companies delivered $92\frac{1}{2}$ per cent. of the amount made, the public $91\frac{1}{2}$ per cent., the private companies having the advantage of about $\frac{3}{5}$ ths of one per cent. in the efficiency of their systems in preventing loss of gas. Both private and public are gaining in this particular, as the average for the last 8 years has been 91.92 per cent., and 91.08 per cent. respectively, or a gain on the part of the private companies of $\frac{1}{4}$ of one per cent., and on the public $\frac{1}{2}$ of one per cent. The public works are thus coming up to the private in this respect.

* The latter is the charge in Brantford, Ontario.

† Calculated from the figures given in the "Manual" before referred to.

This greater loss through leakage experienced in the public gas works may necessarily accompany a division of the supply among a greater number of consumers, and the increased number of fittings rendered necessary by such minute subdivision. The average number of consumers on private works is 2,787; the average number of consumers on public works is 6,646; so that the average amount used by each customer on private works is 52,800 cubic feet, while the average amount used by each customer on public works is 27,500 cubic feet. With the same sized families, etc., the public works will require almost twice as many services as the private. The public works seem to be administered as effectively as they would be if they were under private management, judging by these results. Further, the public provision of gas has had the effect of making its use in small quantities much more general than where private companies provide the supply. Recognising the importance in city life of this extension of the use of gas, Birmingham is completing a system by which it can be delivered in as small quantities as one pennyworth at a time.*

The cost of private works was about £80,000 each. Public works each cost half as much again, while, as we have seen, dividing one-tenth more gas among twice as many people. Whether this greater cost of the municipal works was necessary under the circumstances is a question for experts.

The public works, in addition to covering expenses and establishing a fund of $4\frac{1}{2}$ per cent. to 5 per cent. per annum to pay the interest on loans, annuities, sinking fund, etc., have poured into the civic treasuries in eight years the sum of £3,550,000, or seventeen and three-quarter millions of dollars, as a surplus, which has gone to the lessening of the burden of general taxation in their respective cities. But the price of gas in municipalities providing their own supply is necessarily enhanced by this method of raising money, which is virtually a tax on coal.

Notwithstanding the increase in the price of gas supplied by the municipalities in order to obtain this surplus, and also the fact that in many places the authorities provide the public lighting free, the price of gas from the public undertakings is less than that charged by the companies, as the following returns for the years mentioned shew:—

Average† receipts per thousand cubic feet of gas sold.

	1889		1888		1887	
	s.	d.	s.	d.	s.	d.
Companies.....	3	7.42	3	7.9	3	5.52
Local authorities	3	3.67	3	3.12	3	3.34
Companies' overcharge. . .		3.75		4.78		5.18

If the expenses of municipalities in managing their works are less than those of companies, it may be a valid excuse for the latter to charge more. Let us then compare expenses:—

Expenses per thousand cubic feet of gas.

	1889		1888		1887	
	s.	d.	s.	d.	s.	d.
Companies	2	6.74	2	5.65	2	6.68
Local authorities	2	4.4	2	3.14	2	3.67
Companies' over-expense. .		2.34		2.51		3.01
Companies' profits	1	0.68	1	2.25	1	1.84
Authorities' do		11.27		11.98		11.67

From their profits, companies paid average dividends of £8 11s. 0 $\frac{1}{2}$ d., per £100. During the previous year they paid £8 10s. 11 $\frac{1}{2}$ d.

**Journal of Gas Lighting*, Dec. 9th, 1890.

†Lowest price of private gas was 1s. 9d. at Plymouth, where a dividend of 12 $\frac{1}{2}$ per cent. was also made
 “ “ public “ 1s. 10d. at Leeds, “ surplus of £796
 Highest “ private “ 7s. 6d., and of public 6s. 3d. per 1000 cubic feet.

companies paid 10 per cent. dividends ; and 61 companies paid $10\frac{1}{4}$ — $17\frac{2}{3}$ per cent. The higher dividend usually accompanying a lower price, according to the "sliding scale" plan, to be subsequently described. The highest percentages under a sliding scale are 16 per cent. by the Harrowgate Company, and $14\frac{3}{4}$ per cent. by the South Devon Gas Company.

In 12 cities the public gas works yielded a surplus of £290,000. In Manchester it is usual to turn the large gas surplus over to the water works committee to meet out-standings at that department. In view of the fact that there are 50,000 people in Manchester who do not use gas, while everyone uses water, it seems a peculiar way to pay for water. The gas consumers may, however, console themselves with the knowledge that municipal gas works are to be put on a thorough business basis regarding expenses, and that they will know exactly how much their special tax is.

In 19 English city companies the average charge for gas is $52\frac{1}{2}$ cents per thousand, and the cost of manufacturing is estimated to be $37\frac{1}{2}$ cents.

In America, of 1,000 gas undertakings, only five are under municipal control.

Of 683 gas companies in the United States, the charge per thousand cubic feet was as follows:—†

7 companies charge	\$1.00	32 companies charge	\$1.50
24 " "	\$1.75	148 " "	\$2.00
57 " "	\$2.25	145 " "	\$2.50
20 " "	\$2.75	86 " "	\$3.00
26 " "	\$3.50	19 " "	\$4.00

120 companies charge intervening prices.

It is evident that the cost of gas, being largely dependent upon local conditions, must vary greatly in different localities. Is it not, then, somewhat remarkable that so many companies should have such gracefully symmetrical prices? Probably "round numbers" are used for ease in calculation, irrespective of the price of production; and, as companies are prone to sell at a losing price, customers must wait for a reduction till production falls clearly below the next lower "notch" of 25 or 50 cents per thousand.

According to the Report for 1889 of the Board of Gas and Electric Light Commissioners of Massachusetts,† the cost in that State, of making coal gas is 40—57 cents per thousand cubic feet, and of water gas, 46—55 cents, representing the cost in the holder's case. An increase of 50 cents per ton in coal, or of one cent per gallon in oil, would mean an increase of ten per cent. in the cost of coal gas and water gas, respectively.

In Massachusetts, the average price charged in 1886 was \$1.72; in 1887, \$1.66; in 1888, \$1.56; and in 1889, \$1.49½ per thousand, showing a gradual decrease.

During 1889—

203 million cubic feet were sold at	\$1.00 per thousand.
203 " " " "	1.10 " "
14 " " " "	1.25 " "
1,051 " " " "	1.30 " "
267 " " " "	1.50 " "
231 " " " "	1.75 " "
220 " " " "	2.00 " "

During the year, June 1888-89, these companies accounted for 91.65 per cent. of the gas supplied; the leakage being thus very nearly the same as with the English companies and municipalities before referred to.

The company in Newburyport charged an average price of \$1.98 per thousand, and paid its stockholders a dividend of 18 per cent. on their invested capital; although to do so meant an increase of \$1.45 per thousand over production price.

The latter percentage was paid by the Company at Kingston-upon-Avon, operating under the Act of

W. Baker: *Monopolies and the People*, p. 64.

† *Annual Report*. Public Document No. 35. Boston. 1890.

† In 1889, eleven companies paid no dividends, and seven paid from surplus of previous years.

In Pittsfield, the company graciously lowered the price from \$1.99 to \$1.96. They still made a profit of 16 per cent. ; to obtain which they charged 78 cents more than the production price.

In Taunton, the shareholders, in order to give themselves 15 per cent. dividends, charge \$1.52 ; which is 36 cents above cost of production.

The Adams Co. charge \$2.39 per thousand, when they might charge 62½ cents less, did they not pay a yearly dividend of 20 per cent.

The taxes paid by the companies in the State amounted in 1889 to \$269,300, an average of 9.68 cents per thousand cubic feet sold. This was an increase over the previous year of about \$3,000, while at the same time it was a decrease of one cent per thousand feet sold.

The several companies increased their net earnings from \$1,498,000 in 1888, to \$1,625,000 in 1889. After paying dividends of \$941,400 in 1888, and \$1,021,800 in 1889, there was left a net surplus of \$547,000 in 1888, and \$603,500 in 1889. Some of the gains that permitted this were—an increase of \$83,000 in the gas sold,* the net cost of coal and residuals† remaining about the same ; the receipt of \$54,000 for electric lighting, in place of \$23,000 the previous year ; a reduction of \$10,000 in officers' salaries, \$20,000 in wages of meter-takers, collectors, etc., and \$14,000 in wages at works.

This great reduction in wages marks a further difference between the systems pursued by public and by private managers. In public works, higher wages are usually paid than in private, for the rougher kinds of work. In some cities, a minimum wage per day is fixed by the Council, e.g., in Chicago a by-law exists, making \$2 per day the least wage to be paid by the lighting commissioners. Companies, of course, get as cheap labor as they can.

A comparison has been instituted between the Boston Gas Company's works and the Municipal Gas works of Philadelphia, which is not supposed to end in confusion for the latter.

The output of Philadelphia was 2,173 million feet in 1880, and 3,150 million feet in 1889—an increase of 45 per cent. The output of Boston was 712½ million feet in 1880, and 1,312 million feet in 1889—an increase of 85½ per cent.

Each charged \$2, in 1880 ; in 1889 Philadelphia charged \$1.50 and Boston \$1.30. Philadelphia provided *free gas for public purposes* ; which, if paid for, would have amounted to 26¼c. per thousand on all the gas made in 1889, and to 26¼c. in 1890. The *surplus* that the works earned for the city amounted in 1889 to \$807,000, or 25½c. per thousand feet sold ; and in 1890 it was \$893,000, or 27c. per thousand.

Thus the Municipal works charged 51½c. in 1889 and in 1890 53c. per thousand more than cost price ; which was therefore 98½c. in 1889 and in 1890 about 97c. per thousand cubic feet. If they had to add to this a tax of 6c. per thousand (the amount paid by the Boston Company), the public works of Philadelphia would still have been able to sell gas at \$1.05 in 1889, and \$1.03 in 1890. The difference between this and the price they actually charge, is so much gain to the city treasury.

In Boston the company paid its shareholders dividends during 1889 of \$267,800, and wrote off a construction charge of \$111,000.‡ These items together are over 28c. per thousand on the gas they made during the year. It would seem therefore that the Boston Company could afford to reduce the price to the neighborhood of \$1.00 per thousand. The difference between this and the price charged goes into the pockets of the shareholders instead of into the municipal coffers as in Philadelphia.

What the advocates of private ownership must prove is not that private management is more economical than public, so far as the cost price of gas is concerned, although even

*There was an increase of \$127,000 in the amount of gas sold to private parties, but a decrease of \$44,000 in the amount of gas sold for public lamps.

† Residuals left from the gas making were sold for ½ the cost of the coal, etc., used in 1888 ; and in 1889, they were sold for 36 per cent. of the cost.

‡ *Fifth Annual Report of Gas and Electric Light Board for Massachusetts* p. 122.

is seems not clearly proven. They must shew that the service rendered to the ordinary citizen is as cheap by the one method as the other. When the Philadelphia citizen pays 1.50 for a thousand feet of gas he pays 50c. of it as a tax which makes his other taxes not much less; but when the Boston man pays \$1.30 his other taxes are not decreased at all, except perhaps to the extent of the 6c. just mentioned. The result is that the latter really pays for his gas \$1.24 where the former pays \$1.05. It is idle to claim that the 9c. difference is due to greater cost in Boston, in view of the balances shown by the company. It is equally unsatisfactory to explain it by the greater efficiency of the company's servants, when we observe the results of British experience in gas and American experience in waterworks previously quoted. If the charge of the private company were but a few cents more than that of the municipality, and some system of keeping it at that point could be devised, it would seem more advantageous that the whole matter should be removed from the sphere of local politics. It can never be wholly removed, however, for the charter must be renewed periodically, and the longer the periods that elapse, the more can the company afford to spend in securing the return of its supporters in the particular year when the charter falls in, although a lengthened absence from the political arena must make such an object more difficult to accomplish.

In the French capital, the gas company in 1855 got a charter for 50 years, which fixed the price of gas at a certain point. The improvements in manufacturing soon greatly lowered the cost of production upon which the old price was based; and during the troubles of 1870, the shareholders were obliged to recast the agreement so as to divide with the city all profits above 11,000,000 francs per year. Commercial causes have again cheapened gas, and the company now offers to lower the price of gas by one-sixth, and to accept a lower annual profit, on condition that the concession is renewed to them for forty years, and that they may employ if they choose, electric light. The objection to this plan is that it would involve the retention for forty years of the price now fixed.

A better system is that known as the sliding scale,* by which the percentage profits of the shareholders may increase, but only in proportion as the price is lowered. It thus becomes the interest of the company to supply the gas at the lowest possible rate.

In this simple form it has been adopted by the British Parliament in fixing the charters of many companies; the usual arrangement being that, for each reduction of one penny per thousand feet of gas, the company may increase its dividends one quarter of one per cent. over a certain stated dividend. By this means the average price of gas in London which was \$1.08 per thousand was lowered to 64c. in 1835. Of course the difficulty in carrying out such a scheme lies in the necessity of obtaining accurate statistics from the company, with whom there is always a tendency to over-capitalization. Some advocate municipal arrangement as a refuge from this difficulty; but the Board of Trade returns which are given in Great Britain, seem to possess tolerable accuracy.

In Massachusetts a different method is pursued. The Act of the Legislature, establishing the Board of Gas Commissioners (Acts of 1885, ch. 314, s. 9), provided that upon the complaint in writing of a mayor of a city in which a gas company is located, of twenty customers of such company, either of the quality or price of the gas sold and delivered by such company, the board shall notify the company of such complaint, and shall, after notice, give a public hearing to such petitioner and such company, and after said hearing, may order, if they deem just and proper, any reduction in the price of gas or improvement in quality thereof." Their decision is final, unless specially reversed by the State Legislature. These wonderfully wide powers seem to have been exercised with moderation; and while apparently giving general satisfaction, have settled many difficult questions that have arisen since the organization of the commission in 1885.

The commission consists of three members appointed for three years by the State Governor, subject to approval by the Council. The returns required annually from

* A sliding scale of prices dependent on the price of coal was adopted by Congress in its agreement with the Washington gas company; but the company soon reduced its prices to a considerably lower rate than that called for.

each company include the amount of its authorized capital, its indebtedness and financial condition on Jan 1st, and a statement of its income and expenses during the preceding year, together with its dividends, paid or declared, and a list containing the names of its salaried officers with the annual salary paid to each; the return to be signed and sworn to by the president and treasurer of each company, and a majority of its directors.

In Ontario, the Revised Statutes (1885, ch. 164), provide that any five or more persons may form a company for supplying gas, water, or both, to any municipality obtaining the consent of the municipal council. The municipal authorities may take stock in such company, thus securing representation on the Board of Directors, an important provision for the safe-guarding of city interests. The period set as the out limit of the company's existence is 50 years, and the municipal authorities may at any time acquire the works of any company incorporated after March, 1882, by paying such company the actual value thereof as determined by arbitration, "having regard to what the same would cost if the works should then be constructed, or the property then bought, making due allowance for deterioration, wear and tear, and making all other proper allowances, and shall increase the amount so ascertained by 10 per centum thereof, which increased sum the arbitrators shall award to the company."

Electric Lighting.—There are about 1,350 electric lighting plants in America which at least 50 are owned by municipal authorities. In spite, however, of abundant discussion in recent years as to the relative merits of municipal and private management, the data with which we are presented for the purpose of forming an opinion are less satisfactory than in any of the other industries we are now considering. The returns of cost, etc., seldom take account of interest on money invested in the plant, nor mention any appropriation for deterioration in value, or for the purposes of a sinking fund; yet to make any useful comparison, these must be estimated. In Chicago, electric lights were said to cost \$73 each, per year, burning every night all the year through. At an Electric Light Convention, the superintendent of the city works charged with arriving at these results by "neglecting taxes, water rent, interest on investment, insurance, repairs, depreciation or renewal of plant in general, and by charging the wages of the electric light linemen to the fire alarm telegraph department." It was argued that, if these were properly accounted for, the cost would be \$190.63 per year per lamp. The superintendent, though present, had too severe a cold to reply. In answer to the writer's application for information, one month later he was "preparing a reply," but half-a-year afterwards, when another enquiry was made, he "regretted that the mayor had forbidden the heads of departments from giving statistics regarding municipal matters, except what is given in the annual reports." Many other places seemed to be arrived at about the same degree of accuracy.

Where lighting plant can be supplied with power from works already owned by city, as in Ypsilanti, Michigan, where they are managed in connection with the city water works, evidently they can be run more economically than would be possible in a separate establishment. Judging by the returns of the Massachusetts Gas and Electric Light Commissioners, the business in that State is not exceedingly lucrative. Fourteen companies in the State paid dividends averaging about five per cent., and only twenty companies out of sixty paid any dividends at all. There are no municipal plants in Massachusetts,† so that it is not possible to institute a comparison. Indeed the whole electric light business has hitherto been developing so rapidly, with ever-changing conditions, scarcely any of the estimates of cost in the past are of use for the future. The situation is already clearing, however; and it will not be long before more adequate material will be afforded. In the meantime, municipalities should avoid any action that would tie their hands for the future.

* A statement of the form in which the information is required from Gas Companies may be found in the close of the Annual Report of Jan. 1887, and from Electric Light Companies in the report of 1888.

† An Act to permit cities and towns to provide their gas or electric light has repeatedly been introduced before the State Legislature, and will probably pass sooner or later. It provides that if two-thirds of the city Council for two succeeding years, the mayor for two years, and a public meeting of citizens favor the action, that bonds may be issued for not more than 20 years, and to the extent of not more than 5 per cent of the ratable property of the town.

In Great Britain, the Electric Lighting Act of 1882, (45 & 46 Vict. c. 56), provides that the Board of Trade may license local authorities or private companies, with the consent of the local authorities, (and without it, if unreasonable opposition is offered), to provide electric light, but it cannot confer an exclusive right, as the district may be again granted to another. The undertakers of the enterprise must annually publish such returns as the Board of Trade calls for. Sec. 27 provides that the local authorities may require a private company to sell the plant, etc., at its market value, "but without any addition in respect of compulsory purchase, or of good will, or of any profits which may or might have been or be made from the undertaking." Such requisition to sell can be enforced only at the end of forty-two years from the granting of the company's charter, and at the end of every subsequent period of ten years,* unless shorter periods are specified in the charter. The value is determined by arbitration. Secs. 13 and 14 give local authorities a veto on the stringing of wires, breaking up of streets, etc., subject to an appeal to the Board of Trade. Private initiative has had the field almost to itself during the two years since the recent amendments, and it is significant that during 1890 not one municipal plant was started. †

Street Cars.—In Great Britain, out of 31 municipalities which own their street cars—with a quarter of the total mileage in the kingdom—23 administer their own property. Where the road has been leased to a company, the city in granting its charter has usually paid more attention to the obtaining of an effective service than to great financial gain. In Glasgow, the city built the road in 1872, and leased it for twenty-two years to a company on condition of paying interest on the city's investment, establishing a sinking fund sufficient to pay the expense of building by 1894, and the payment of 4 per cent. of income to keep tracks in repair, together with a rent of £750 per mile of street in the centre of the city. For new lines in the more sparsely settled outskirts, much less is paid. Since 1880 the company has done well. The charges were to be not more than one penny per mile, and some runs of much more than a mile used by labouring men and artisans were also to be a penny. Morning and evening cars for workmen run for about one cent per mile. ‡

In Birmingham, "the city builds the street railways in order to keep control of its streets." § In Liverpool, the company leasing the track pays about 10 per cent. of its cost as a rental. In all these cities the tracks are laid and kept in repair *by the corporation*, and of all may justly be said as the city engineer of Liverpool reports of his city. "The tramways do not form the slightest impediment to traffic, even to the narrowest wheeled vehicles." The difference between their cities and ours in this respect is very striking, and the attention of American municipal and street railway authorities is respectfully directed for the millionth time to the subject.

In America, there are no street railways operated by local authorities. In Toronto, in 1861, a franchise was granted to a company for thirty years, at the end of which time the city could assume the property on payment of its value to be determined by arbitration. The city decided to take over the road in 1890; but while the future action of the city has not been definitely settled, the franchise will probably be again leased for a percentage of the *gross* receipts. This is the best form of lease; and is becoming more and more general in its adoption by American cities. In 1884 the New York Legislature passed an Act *permitting* such compensation if the franchise was sold by auction. In the city of New York the aldermen knew how to dispose of the Broadway franchise in a better way, and the result was that the city got nothing. This led to the passage of a State Act (Laws of 1886, Cap. 65 ||) making it *compulsory* that the sale of any street railway franchise should be "at public auction to the bidder who will

*In the Act of 1882, the period of taking over was at the end of 21 years, and every subsequent 7 years. This seems to have been considered too short, and by an Act of 1888, the periods were changed to those given in the text.

† *Journal of Gas Lighting*, Dec. 30th, 1890.

‡ *Glasgow, a Municipal Study*; Albert Shaw, in *The Century Magazine*, March, 1890.

§ Julian Ralph, in *Harper's*, June, 1890.

|| With amending Acts of 1886, ch. 642, and of 1889, ch. 564.

agree to give the largest percentage per annum of the gross receipts," and "the said bidder, who may build and operate the road, shall keep accurate books of account of its earnings, which books shall at all times be subject to the inspection of the local authorities." Under these provisions,* franchises have been sold for as high as 27 per cent. of the gross receipts. This plan, by which receipts from the road are spread over the years during which the franchise runs, seems preferable to the mode adopted in New Orleans where a lump sum was accepted.† The great difficulty with the "percentage of gross returns system," is, of course, the unwillingness of a company to extend their line into suburban districts where an extension is necessary, but will not pay very well, or perhaps at all. As has been previously shown it is difficult and unwise to introduce a new company; and the city authorities are thus at the mercy of the company in possession, which may, by its refusal to accept reasonable profits, paralyze the city's growth. What can the city do but make any terms the company requires? This would be as unfair as to give the city power to compel the company to extend its lines. On the other hand, if the street railway shareholders own property in a suburb which they are desirous to "boom," they may attract inhabitants by special rates. When they have sold out their properties they may withdraw the service, to the ruin of the citizens who have removed there. It has been well observed that the fact that this has not occurred more frequently is an encouraging example of commercial probity. Some sort of government commission is evidently necessary to regulate such matters, as well as to exercise a general supervision over this rapidly developing industry. It may be that the difficulties arising from the determining of earnings, the inspection of books, the employment of labour, or the reduction of fares, etc., may lead to an assumption by municipalities of this industry as the easiest way out of the difficulty.‡

Section IV.—Some Conclusions.

The financial results of such comparison as we have been able to institute seem then to indicate:—

1. That water supply is an undertaking in which municipal management has been eminently successful, both in America and in Europe, and in both has yielded large financial returns, which have been used to lighten the burden of general taxation; but that there should, if possible, be a lowering of rate required from the more needy, by, if necessary, a higher charge for such additional services as are practically luxuries.
2. That while the municipal direction of street railways has been attempted but seldom in Europe and never in America, street car service is a source whence large revenues might be derived by great and growing cities, revenues which may be obtained either through the power of control rendered necessary by their public character, or by their direct operation on the part of the city. This latter course may be rendered necessary by the difficulties in the way of the former; but in any event street railways should not be operated with a view to a very large surplus as this would involve a special tax on a class not the most able to support it.
3. That the gas industry, where undertaken by the municipal authorities, has been as successful as when in private hands, and has, in addition, provided large sums for the local treasury. The tax on consumers is perhaps not more inequitably distributed than is ordinary taxation, but an attempt should be made to furnish a certain amount of the service cheap enough to be within the reach of all.

* Additional provisions exist prohibiting the sale of a street railway franchise in a city of more than 250,000 for a less yearly payment into the treasury than 3 per cent. of the gross receipts for the first five years after the commencement of operation, and 5 per cent. thereafter.

† The company maintaining the entire paving of the streets traversed by its lines, however.

‡ The rapid increase in street railway profits is illustrated by the following figures for the State of New York: Net income 1889, 5.89 per cent., 1890, 6.24 per cent. on capital stock; dividends in 1889, 4.41 per cent., 1890, 4.67 per cent.; surplus, 1889 \$518,000, in 1890, \$596,000; net earnings per passenger, 1.18 cents in 1889, in 1890, 1.27 cents; net earnings per mile of road, 1889 \$7,319, in 1890, \$8,013. *Report of Railroad Commissioners*, Vol. II, p. 70. 1890.

4. That electric lighting is still in too unsettled a stage for us to be able to draw definite conclusions regarding it. There are indications that under ordinary conditions it will pay a town better to lease the franchise, but where the industry can readily be secured to one already in the possession of the municipality it can often be managed more economically than by private enterprise.

5. That of telephone service so little is yet known that though its peculiarities call for more than the ordinary amount of public control, it would be unwise to attempt municipal management.

The above are but general conclusions, and would, in their application to any particular case, be modified by disturbing local conditions which may be so different from those that are usual as utterly to destroy their validity. No absolute rule can be laid down, but what has been said is said only in the hope of making the determination of these problems more easy. That even general results may be helpful cannot be doubted, and the writer regrets that these cannot be rendered more accurate owing to the paucity of reliable statistics. This lack of statistics is the result of the newness of the conditions involved, and must continue till there is fuller recognition of the importance of these industries. They have passed the bounds at which private attempts at collecting information can be at all effectual. Detailed governmental returns are absolutely necessary.*

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THE CONDITIONS OF FEMALE LABOUR
IN ONTARIO.

BY
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PREFACE.

It is appropriate that the first contribution to the University of Toronto Studies in Political Science from a lady graduate should concern itself with the labour of women and children in Ontario. It is to such careful examination by competent observers of the actual facts of industrial life, rather than to hasty and sentimental agitation, that we must look for permanent reform.

The existing Factory Acts of Ontario are in some respects more stringent, in others more lax, than those of England, the parent of factory legislation. Taking the two essential points, the *age* of permissible child labour and the *hours* of employment for women and children, the comparison may be stated as follows:—

1. In Ontario the age of legal employment is for boys twelve and for girls fourteen. In England it has hitherto been for both sexes as low as ten; but by the recent Act,—which will not, it is true, come into complete operation till the end of 1893,—the limit has been raised to eleven. The Berlin Labour Conference of 1890 recommended twelve. But while in Ontario boys over twelve are permitted to work as long hours as adult women, in England children between ten and thirteen (the age at which the school authority practically ceases) are only permitted to work “half-time,” (and that only on passing a certain school standard, which however the great majority of them have no difficulty in doing at about the age of ten). The English practice is in substantial agreement with the recommendation of the Berlin Conference, that children should not be employed for a longer period than six hours daily, with a minimum interval of half an hour, (though this recommendation applies to children under fourteen, while the English half-time rule only applies to those under thirteen).

An Ontario Statute of 1891 does, indeed, enact that all children between eight and fourteen years of age shall attend school; but until the local authorities make a serious attempt to enforce the Act, it cannot be regarded as substantially affecting the situation.

2. With regard to the hours of labour of women and young persons the general result of the English legislation is a working week of fifty-six and a half hours in textile factories, and sixty hours in non-textile factories and workshops, while in Ontario the limit of hours is sixty.

Two minor points of contrast are also of interest:

3. Night labour for women and children has for some years been expressly prohibited in England, and the Berlin Conference recommended that this example

should be generally followed. It is not yet prohibited in Ontario. Of course the cases in which night work is attempted are at present very rare.

4. The legislation of Germany, Hungary and Switzerland imposes restrictions on the employment of women for a certain period after child-bearing, and the Berlin Conference recommended their exclusion for four weeks. The recent English statute has carried out the suggestion, providing that "an occupier of a factory or workshop shall not knowingly allow a woman to be employed therein within four weeks after she has given birth to a child," (54-55 Vict. cap. 75, s. 17). The number of married women employed in factories in Ontario has hitherto been so small that no crying evils have appeared. But for the very reason that the number is small, it might be wise to introduce the rule now that it can cause but little distress or inconvenience. There are, no doubt, objections of weight to any such action; but they would seem to be outweighed by the advantages. For a discussion of the subject the reader may be referred to the article by Jevons in the *Contemporary Review* for January, 1882, reprinted in *Methods of Social Reform*.

W. J. A.

INTRODUCTION.

Victor Hugo has fitly called the present age the "Women's Century"; for although the annals of history have always contained the names of great women yet the position of women as a factor in the economic conditions of social life seems peculiar to recent times.

In this paper some attempt will be made to discuss the conditions under which women are working in the Province of Ontario; referring, perhaps, more particularly to the city of Toronto, which has afforded the most convenient field for observation.

When Harriet Martineau visited America in 1840, she relates that she found only seven employments open to women; namely, teaching, needlework, keeping boarders, working in cotton mills, type-setting, work in book-binderies and household service. Although women still retain their positions in these employments, they have vastly extended the number of their vocations. According to the latest census returns in the United States, women have now secured a footing in 4,467 different branches of various industries. While Ontario cannot boast of such large numbers, the various callings entered by women in this Province are rapidly increasing in number. In some cases the establishment of new industries, especially within the last fifteen years, has led to their further employment. In others they have entered fields hitherto, for the most part, occupied by men. New employments are continually opening up with advancing civilization, which require but slight experience and seem adapted for women.

There are various reasons why women are ready for the numerous occupations which are continually offering themselves. In a large number of instances, circumstances make it a matter of necessity for them to earn their living. Often a desire to live up to a certain standard of comfort will lead girls, for a short time at least, to go into employments in which, while living at home, they can partially support themselves, or at least supply themselves with pin-money. Again, the social conditions of life in Canada are such that women find it necessary to prepare themselves for emergencies: they often begin to learn some occupation so as to be prepared for future risks, and then their circumstances change and the occupation becomes a permanent one.

For these and other reasons we find a large and increasing number of women employed as wage-earners; and Ontario, following the example of older countries, has found it necessary to subject their labour to various restrictions in order to protect the interests of society.

Since the subject of child labour is intimately connected, both in factory law and inspection, with that of the employment of women, it has been discussed in connection therewith in this paper.

J. T. S.

THE CONDITIONS OF FEMALE LABOUR IN ONTARIO.

CHAPTER I.—FEMALE LABOUR UNDER THE FACTORY ACT AND THE SHOPS' REGULATION ACT.

Section I.—Legislation in Ontario.

(1.) The employment of women and girls in *manufacturing* establishments in Ontario is regulated by the Ontario Factory Act of 1884 and the Amendment Act of 1889.

In passing such Acts Ontario was but following the example of older countries. Factory legislation in Great Britain has been in existence for more than half a century, and has been codified by the Factory and Workshops Act of 1878, with subsequent amendments. The example of Great Britain has been followed by other countries; in Europe by Austro-Hungary, in 1859; by France, in 1874; by Switzerland, in 1877; and by Germany, in 1878. In America factory legislation has been of very recent growth, but, although recent, it has been rapid. Massachusetts was the pioneer state in this respect, having passed a Factory Act providing for inspection in 1882. Ohio followed in 1884; so that Ontario compares favourably, in point of time, with the various states of the Union.

The principal sections of the Ontario Factory Acts which are pertinent to this enquiry may be summarized as follows:—

1. Under the word "Factory" only *manufacturing* establishments are included.
2. In order to come under inspection, there must be at least *six* persons employed in a factory.
3. No boy under *twelve* and no girl under *fourteen* shall be employed in any factory.
4. No child (defined as a person under the age of fourteen) or female shall be employed more than *ten* hours in one day, or more than *sixty* hours in one week; unless a different apportionment of the hours of labour per day has been made for the sole purpose of giving a shorter day's work on Saturday.
5. If the inspector so directs, meals shall not be eaten in the work-rooms, but in suitable rooms to be provided for the purpose.
6. Boys under twelve and girls under fourteen may be employed during the months of July, August, September and October in any year in such gathering-in and other preparation of fruits and vegetables for canning or desiccating purposes as may be required to be done prior to the operation of cooking, or other process of that nature requisite in connection with the canning of fruits or vegetables.
7. Employers shall allow each child, young girl and woman not less than one hour at noon of each day for meals, but such hour shall not be reckoned in the ten hours to which labour is restricted.
8. Children and women are not allowed to clean machinery while in motion.
9. Where the exigencies of certain trades require that women should be employed for a longer period than above stated, an inspector may give permission for such exemption, under the following limitations:—(a) No woman, young girl or child shall be employed before six o'clock in the morning, nor after the hour of nine in the evening (*i. e.*, while employed during the day). (b) The hours of labour shall not exceed twelve hours and a-half in any one day, nor more than seventy-two and a-half in any one week. (c) Such exemption shall not comprise more than six weeks in any one year. (d) During the continuance of such exemption, there shall, in addition to the hour for the noon-day meal, be allowed to every woman, young girl or child so employed to an hour later

than seven o'clock, not less than forty-five minutes for another meal between five and eight o'clock in the afternoon. (e) Women only may be employed to a later hour than nine, where the work relates to the canning or desiccating of fruits or vegetables, for twenty days during the summer months.

10. Provision is made for separate conveniences for women, and for the proper ventilation of the work-rooms.

11. A register of the children, young girls and women employed in any factory shall be kept by the employer for the reference of the inspector.

12. Notices of the hours between which children, young girls and women are to be employed shall be hung up in a conspicuous place in the factory.

After the passing of this Act it was found necessary to provide means for seeing that it was carried out, and in 1887 three inspectors were appointed in Ontario under the Act.

As has been intimated, the Factory Act in Ontario deals exclusively with those employed in manufacturing establishments, and not with those in mercantile or mechanical employments.

(2.) The Shops' Regulation Act of 1888, "An Act to regulate the closing of Shops and Hours of Labour therein for Children and Young Persons," supplies this omission to some extent.

The term young person, in this Act, means a boy under *fourteen* or a girl under *sixteen*. Sub-section 3 of section 3 reads as follows:—"A young person shall not be employed in or about a shop for a longer period than 74 hours, including meal times, in any one week; nor shall a young person be employed during any Saturday for more than fourteen hours, including meal times, nor during any other day of the week, for more than twelve hours, including meal times, unless a different apportionment of the hours of labour per day has been made for the sole purpose of giving a shorter day's work for some other day of the week; and there shall be allowed as meal times to every young person so employed not less than one hour for the noon-day meal on each day, and to any young person so employed on any day to any hour later than seven, not less than forty-five minutes for another or evening meal between five and eight o'clock in the afternoon." Sub-section 7 of the same section reads:—"The occupier of any shop in which are employed females, shall at all times provide and keep therein a sufficient and suitable seat or chair for the use of every such female, and shall permit her to use such seat or chair when not necessarily engaged in the work or duty for which she is employed in such shop." There is, however, no provincial system of inspection to carry out this Act.

(3.) The "Act respecting Mining Regulations," Ontario, 1890, enacts that "No boy under *fifteen* years of age shall work in a mine underground."

"No girl or woman shall be employed at mining work or for such a purpose in or about a mine."

"No boy under *seventeen* years of age shall work in any mine underground more than eight hours a day or more than forty-eight hours a week."

Such is the legislation in Ontario in regard to the employment of children and women.

Section II.—Effects of Legislation and Inspection.

1. Limitations of Inspection.

The provisions of the "Factories Act" do not apply (a) to any factory employing not more than *five* persons; (b) where children, young girls or women are employed at home in a private dwelling, wherein the only persons employed are members of the family dwelling there. Originally the limit was placed at twenty; but as soon as the inspectors entered on their work it was found that the smaller places of business were more in need of inspection than the larger; and on their recommendation the Act as amended placed the limit at *five*.

Thus there are numerous small places of business employing four and five women, particularly small dressmaking and millinery establishments, which are excluded from the benefits of the Act. But it cannot be doubted that some system of inspection is needed for *all* places where women and children are employed. There is no reason why some places should be inspected and others not. That only one or two women are employed in any capacity is no reason why they should be subject to whatever conditions their employers see fit to impose. It would be advisable to do away with the number-limit altogether.

2. *Child Labour.*

Section 6 prohibits the employment of boys under twelve and girls under fourteen in any factory coming under the Act; and in the case of boys under fourteen the employer is obliged to keep a certificate signed by the parent or guardian of the birth-place and age of such child, or else the written opinion of a registered physician that such child is not under age. But boys and girls under age are allowed to work during the summer months in such gathering in and other preparation of fruits and vegetables for canning or desiccating purposes as may be required to be done prior to the operation of cooking or other process of that nature. Such employment is, of course, only temporary, owing to the perishable nature of the material; and, as the employment is light, children are as well able to do it as older persons, but whether it is really as profitable to employ them is a matter for the employers to decide. In some cases, such as the operation of shelling peas, machinery has taken the place of manual labour, thus lessening the employment of children.

That some legislation was necessary to limit the employment of children in Ontario was seen long before the passing of the Act. In 1881 the Dominion Government appointed a Commission to make inquiry into the working of mills and factories in Canada and the labour employed therein. The Commission visited and reported upon 465 factories, in which over two thousand children under fourteen years of age were found, and nearly two hundred of these were under *ten* years of age. The Commissioners state that considerable difficulty was found in obtaining with accuracy the ages of the children; for there was no record required to be kept, and in many instances the children, having no education, were unable to tell their ages—this more particularly among the very young children of eight and nine years. It was found, too, that wherever children were employed they invariably worked as many hours as the adults, and if not compelled were at least requested to work overtime; so that the condition of the young workers in the latter part of the day, especially during the warm summer weather, was anything but desirable. In some cases they were obliged to be at work as early as 6.30 a.m., necessitating their being up much earlier for their morning meal and walk to work, and this in winter as well as in summer. This was unquestionably too heavy a strain on growing children, and was condemned by all except those who were directly benefited. As late as 1886-7 the Royal Labour Commission reported that child labour under legal age was still largely employed, the Factory Act not having got into working order. That the enforcement of this Act has been the means of largely decreasing the amount of child labour may be seen from the Inspectors' Reports. Wherever boys and girls under age have been found the employer has been notified; and when the practice has been continued they have been prosecuted. In the report for the Western District for 1888 there were found about two hundred and fifty boys between twelve and fourteen, while in the report for the ensuing year only one hundred and sixty-nine were recorded. One reason given for the decrease was that the canning factories were not as active in the latter year. In some cases the employers preferred not to employ the children because of the trouble attached to procuring certificates. The chief resistance indeed comes from the parents of the children who, either from necessity or greed, are so anxious to get employment for them that they will sometimes furnish false certificates.

Sometimes children under legal age were employed by persons who took contracts for work and who, although working in a factory, argued that because the number they em

ployed was less than constituted a factory under the law they were exempt from its provisions, although the total number of persons employed in such factory would cause it to be classed under the Act.

In some cases where children under age were found it was pleaded as an excuse that they were only a month or two under the required age. Parents too, complained that their children would not go to school, and were better at work than running about in the streets.

Of the boys between twelve and fourteen, quite a number work in saw-mills where dangerous machinery is used. The Inspector for the Eastern District has suggested that the legal age for boys employed in saw-mills be raised to fourteen. In Quebec the legal age for boys in saw-mills is sixteen. Seeing that the whole number of boys between twelve and fourteen employed in factories is comparatively small, it would be no great revolution to raise the age for boys employed in any kind of factory to fourteen, and also prohibit their employment in any kind of dangerous work before sixteen. It would simplify the labours of the Inspectors considerably in the matter of requiring certificates, and also diminish the responsibility of the employers, who, in many cases, are importuned by the parents or even by the children themselves to give employment. A saving clause might be added to allow a boy to work where it could be shown that such work was necessary either for his own support or for the support of his family.

The factories found employing girls under age at the first visit of the Inspectors were principally cotton, woollen and knitting mills, which are run generally the full sixty hours a week, and where the work is purely mechanical as well as extremely monotonous. For a girl of fourteen or thereabouts to work continuously for ten hours a day and six days a week cannot but prove injurious to her health. Where factories are running for ten hours a day no girls under sixteen ought to be employed, or if they are, only for a short period. In Quebec the employment of boys under sixteen and girls under eighteen is prohibited in any factory named for that purpose by the Lieutenant-Governor in Council as unhealthy or dangerous. The list at present contains the names of twenty-eight kinds of manufactures which are considered dangerous on account of the dust, obnoxious odours, or danger from fire. Among these are tobacco factories, foundries and saw mills; and boys under fourteen and girls under fifteen are altogether prohibited from working in cigar factories.

Scarcity of labour cannot be pleaded as an excuse for the employment of children as long as able-bodied men are seeking employment; and, of course, the gradual restriction of child labour widens to some extent, if not in the same proportion, the field for adult labour.

While child labour is thus partially restricted in Ontario in factories, there is not the slightest restriction set upon their employment in shops and offices. Numerous children find employment as cash and parcel boys and girls in retail stores. This evil, however, does not exist now to the same extent as formerly owing to the introduction of machinery for carrying cash and even parcels to the desks and wrapping counters. Boys in Toronto find employment in selling newspapers on the street; but although girls did engage in such employment at one time they are now, very properly, prohibited from doing so.

It is to be hoped that the restrictions under the Factories Act in regard to child labour will be applied to their employment in mercantile and mechanical establishments as soon as possible. If child labour is to be effectually restricted the compulsory school law and the Factories Act must work together. If the school law compels all children between eight and fourteen to be in attendance at some school it is plain that they cannot be employed in any work during school hours. But to carry out the Education Act, far more abundant and efficient inspection must be provided than at present, and school accommodation, even if of a temporary character, must be promptly furnished in growing suburbs.

3. Hours of Labour.

Sub section 3 of section 6, of the Factory Act enacts that no child, young girl or women shall be employed in a factory for more than *ten* hours a day or more than *sixty* hours in any one week ; unless a different apportionment of the hours of labour per day has been made for the sole purpose of giving a shorter day's work on Saturday. Sub-section 4 requires that every employer shall allow each child, young girl and women not less than one hour at noon of each day for meals.

In addition to these regular hours for work, exemptions may be granted by the Inspectors, where the exigencies of certain trades demand it, for working overtime; but in such cases no child, young girl or women shall work longer than twelve and a half hours a day or seventy two and a half in any one week ; and such exemption shall not comprise more than six weeks in any one year, nor shall the time fixed for meals be diminished. During the period of such exemption, every child, young girl or woman, employed in any factory to an hour later than seven in the evening shall be allowed not less than forty-five minutes for an evening meal between five and eight o'clock in the evening. While working overtime, women are not to be employed before six in the morning, nor later than nine in the evening, except in canning factories where they may work later than nine in the evening for not more than twenty days in a year.

In those places coming under the Factories Act where women are employed, comparatively few work for the full sixty hours a week. In a list comprising eighty factories in Toronto, only ten worked for sixty hours a week ; fourteen worked less than sixty but over fifty-five ; thirty worked from fifty to fifty-five hours ; and the remainder from forty-four to fifty. One cause of the reduction of hours in Toronto is the general adoption of the Saturday half-holiday. Outside Toronto it is not so general, and the hours of labour per week reach a higher average. It is to be hoped that fifty-five hours will be made the limit instead of sixty ; and so cause the hours of labour to be nine hours a day, or else five and a half days a week.

The clause in the Act which allows a different apportionment of the hours per day in case of shorter hours on Saturday is an unfortunate one, because it would permit an average of eleven hours a day for five days in the week,—far too long a period for women to work.

Those factories which work the full sixty-hours are principally cotton, woollen and knitting mills, where expensive machinery is employed.

Before the Factories Act came into force many factories worked longer than ten hours a day ; so that the results of inspection have been thus far beneficial.

Another loop-hole in the law is the clause concerning the noon meal hour. It reads, "the employer shall allow not less than one hour at noon," which has been interpreted to mean that the employes may take less if they choose, and in some cases this has been done, either in order to stop work earlier in the evening or to lessen the hours of work on Saturday. It need hardly be said that shortening the meal hour is poor economy in the way of preserving one's health. In this matter the girls themselves are not the best judges ; for the majority of them would even prefer to take only a half hour at noon if by so doing they could stop work earlier in the evening. In some cases where girls made such a request the employers wisely advised against it ; and in one case a compromise of three-quarters of an hour was effected. It would be better if the law were more absolute in the matter, especially where the full ten hours a day is insisted on.

Still another matter in which the law is indefinite is that of night labour for women and children. The law *does* state that where, under the exemption women work longer than ten hours a day they are not to be employed before six in the morning nor later than nine in the evening, but it does not prohibit night labour *per se*. As a matter of fact girls in Toronto have been employed for a few months from eleven o'clock in the evening till five or six in the morning in setting up type at the Central Press Agency

for the cable despatches to country newspapers. The Deputy Attorney-General was appealed to for the interpretation of the law, but it was decided that nothing in the Act prevented the night employment of women. Fortunately for the women themselves, in the case referred to they found the work too arduous, and have ceased working (since September 18th, 1891).

The Factory Law in Switzerland is more definite in this matter and states that "under no circumstances shall women work on Sunday or at night work." The law of Massachusetts is "no corporation or manufacturing establishment in this commonwealth shall employ any minor or women between the hours of ten o'clock at night and six in the morning." The Quebec Factories Act as amended states "that the day of ten hours work shall not commence before six in morning nor end after nine in the evening." According to the new English Act, the employment of women must now be brought within a specified period of twelve hours, taken between 6 a.m. and 10 p.m., with an hour and a half off for meals, except on Saturday, when the period is eight hours with half a hour off. It is to be hoped that the law in Ontario will be so amended that night labour for women will be prohibited.

Complaint has frequently been made to the Inspectors that women in millinery and dressmaking establishments are employed over ten hours a day; but of course as long as the legal limit of sixty hours per week is not exceeded by any one employé, the Inspectors cannot interfere. It seems usual during the busy season to ask part of the staff to remain after six o'clock, the usual hour for closing, one part taking turn with another. There is generally no allowance made for an evening meal in such cases, the girls preferring to work till they finish rather than go home and come back again; but to work from one till eight or nine in the evening without food is certainly not conducive to health. Legislation on the subject seems to be called for. According to the English Factory Act no women can be employed for more than four and a half hours without an interval of half an hour at least for a meal. The overtime occurs only during the busy season or on Saturdays. Employers argue that it is not always possible to foresee what work is coming in, and that in order to oblige their customers they have to promise the work at a certain time. Some establishments make it a rule never to work overtime; and when urgent work comes in, other work is put aside for a time. It would be well if all would make this the rule. A little more forethought too, on the part of customers would lessen the evil. Ladies could often wait a day or two for a bonnet or gown; or, if not, could give their order earlier. Conversation with those in the business reveals the fact that it is not orders for dresses for weddings or funerals which cause overtime—but those for balls and parties, this of course in establishments doing a trade of that kind. The general desire again on the part of many to have a new gown or bonnet for Sunday makes Saturday the busiest day for dressmakers and milliners. In England no woman can be employed in such establishments after 4 p.m. on Saturdays. It is not customary to pay for such overtime in Toronto. The matter seems to be looked on as only occasional, but there is a danger of too much of it being done if some restriction is not placed on the length of time in any one day during which a woman may be employed.

All that has been said hitherto in regard to the hours of labor only applies to manufacturing establishments where girls and women are employed.

The Factories Act in Ontario does not include mercantile or mechanical employments in its provisions. The Shops' Regulation Act however prohibits the employment of boys under fourteen and girls under sixteen for a longer period than twelve hours a day including meal hours, or than fourteen hours a day on Saturday also including meal hours. *Such an enactment makes no regulations whatever for girls over sixteen as far as the hours of work are concerned, and as the majority of girls employed in shops are over that age the Act is not very far-reaching.* As has been already stated there is no system of inspection under this Act. In some towns the shopdealers have combined under the early closing by-law and close their shops at seven in the evening; but this is not as general as could be wished.

4. Hours of Labour in Toronto Stores.

It will, perhaps, be well to describe the conditions under which girls are actually employed in shops in Toronto.

In Toronto the retail stores employing girls and women are the dry-goods, millinery fancy goods and confectionary stores; and many are also employed in restaurants and coffee houses. Occasionally women may be found in small numbers in other stores, but they are then generally members of the family engaged in the business.

Taking the dry-goods business as the one in which the majority of girls are employed in Toronto, a distinction must be drawn between the large and small stores in the hours of employment and in the kind of work done. To begin with the large stores; girls rarely start work before eight in the morning, and in some cases as late as nine, especially in the winter. One hour is allowed for dinner and it is customary to divide the girls into two sections, one half dining from twelve to one, and the other from one to two. The large stores close at six o'clock in the evening; and in the summer months it is beginning to be the custom to close early on Saturday afternoons, as in the factories. On the whole, nine hours a day is the maximum, with a total of fifty-four hours a week.

The position of saleswomen in the small dry-goods stores is quite different. The hours for beginning work are about the same; some however open before eight in the morning. An hour is generally allowed for dinner, and the girls take turns in dining as in the large stores. But the small stores in Toronto do not close till nine and ten in the evening; and on Saturday they remain open till eleven and even twelve. Sometimes where two or more girls are employed, each girl is required to remain only a certain number of evenings in the week, but all remain on Saturday. The number of evenings which each girl is required to work varies considerably with the number of saleswomen; sometimes it is as many as five and sometimes only two in the week. In some cases, where the girls find the evening mealtime too short to permit them to go home, they bring a "lunch" with them and eat it at the store—a method hardly conducive to health. It is the hours on Saturday however that are particularly tiring, coming as they do at the end of the week's work; and an improvement in this matter is imperative. Employers urge that the class of customers who patronize the small stores do not or are not able to shop until the evenings, especially on Saturday. It is true that many who depend on the weekly wages for the Saturday purchases are obliged to wait till evening to shop if they are not paid till Saturday; and hence it would be better if the use of Friday as a pay day were more general than it is. But after all has been said, it is largely a matter of custom, and if people knew that they were obliged to shop earlier they could easily do so. For the present it would be beneficial if some arrangement could be arrived at, so that those saleswomen who remain late on Saturday evening need not begin work early in the day; and this arrangement might also apply to other evenings as well, as long as shops are allowed to remain open in the evening. Another objection to the custom of long hours is that the girls have often to find their way home alone at late hours, along lonely streets. If the shops were brought under the Factory Act or if the Shops' Regulation Act were amended so as to harmonize with it, the condition of the saleswomen would be vastly improved.

In the confectionery and fruit shops the hours are equally long; but the work is not so continuous. During the early hours of the day business is not very brisk, and the girls have opportunities for resting; but still the same objections to late hours apply. Numbers of girls are employed as waitresses at restaurants, lunch parlours and coffee houses. In these the hours are irregular owing to the nature of the business. In those which supply meals in the evening, the girls are generally divided into two sections. One half begin work at eight in the morning and leave off at six or seven in the evening, the other half begin at half-past nine or ten in the morning and leave off at nine or ten in the evening, but all remain on Saturday evening. Where noon meals are given the girls have a lunch before noon and dine at three in the afternoon. Some day restaurants close at six and then the girls do not remain in the evening at all. In some of the coffee houses a relief corps is employed during the busiest part of the day, from 11 a.m. to 3 p.m., when the regular staff is not sufficient for the work. On the whole the hours are not excessive, for the work is not continuous and the labour is for the most part unskilled. Meals are always given to the girls at their places of business at whatever hours are most convenient, for, owing to the nature of the employment, the ordinary meal hours are not possible.

About seventy girls find employment at the central and branch offices of the Bell Telephone Company. The hours of employment vary considerably. The regular staff is divided into four sections, who begin work at 7 a.m., 8 a.m., 8.30 a.m. and 11.30 a.m. respectively, and leave off work at 5 p.m., 6 p.m., 6.30 p.m. and 2.30 p.m. respectively. The fourth section commences again at 5 p.m. and 6 p.m. and leaves off at 9 p.m. and 10 p.m., an average of nine hours a day for the first three sections and seven hours for the fourth or relief section, whose hours, however, are not so convenient. The three regular sections have one hour for dinner, unless some operator is away, and the others have to make up her time and then one-half or all the dinner hour is taken away from some of the staff. Extra pay is given whenever this is done; but the girls, in most cases, would prefer to have the whole hour for their meal and do without the money. The girls also receive extra pay for working over-time at night. On Sunday one-fourth of the staff is employed from 8.30 a.m. to 4 p.m., and a relief corps from 4 p.m. to 10 p.m., no time being allowed for meals. Thus each girl works at least one Sunday in the month and sometimes two. Those working on Sunday receive extra pay. On public holidays two-thirds of the staff are employed, and each girl is employed two holidays in every three, and these are treated as regular working days. Thus it will be seen that the hours are extremely complicated and sufficiently arduous; indeed, there can be little doubt that they are capable of some simplification and reduction. The work is constant and monotonous, and it involves a severe strain on the nerves, so that extra hours cannot but prove irritating. It is to be regretted that there is a seeming necessity for Sunday employment.

Girls are employed as assistants at the central and branch Public Libraries. They are divided into two sections. One-half come at 8.30 a.m. and remain till 6 p.m., having two hours for dinner from 1 p.m. to 3 p.m. The other half come at 12.30 p.m. and remain till the library closes, which is 8 p.m. in summer and 9.30 p.m. in winter, having from 5 p.m. to 6 p.m. for tea. The work is somewhat fluctuating; during some parts of the day the work is much harder than at others. The busiest times are between twelve and one and between six and seven, when the present small staff do not seem sufficient to give out the books with any rapidity, so that a regular relief corps at these hours might be advantageously employed, especially as the work seems likely to increase.

The hours for girls employed in office work vary considerably according to the nature of the employment, but they are not for the most part excessive, generally ending at 5 and 6 p.m. The girls in the telegraph offices work nine hours a day, the men doing the night work. A number of girls are employed at the branch offices, especially in the country, where the hours are from 8 a.m. to 8 p.m. with one hour for dinner. These hours on a heavy line would prove long; but as a rule girls are only given the lighter lines to operate.

An increasing number of women are entering hospitals to train for professional nurses—this being a sphere for which women seem peculiarly fitted where they are sufficiently strong and robust. The course in Toronto is two years in order to qualify for a diploma. Some take the course preparatory to becoming medical missionaries. In Toronto General Hospital the nurses in training compose the whole staff, so that no nurse remains longer than two years. The nurses are divided into two sections for work. The day nurses go on duty at 7 a.m. and remain on till 7 p.m. The night nurses go on duty at 7 p.m. and remain on till 7 a.m. One half hour is given for dinner and one hour in the afternoon for recreation, so that the nurse is at work for ten hours and a half. Each nurse has four months of night work during the first year, and two months during the second year of training. In some American hospitals it is the custom to divide the nurses into three sections, so that each nurse is only on duty for eight hours, and this plan seems better adapted to lighten the labours of the nurses which are sufficiently difficult and arduous at any time. Or at least it would be advisable to shorten the night hours in some way. It would be better, too, if some of the staff were retained permanently; so that they should not all be, comparatively speaking, novices in the work.

5. *Sanitary Conditions.*

Section 11 of the Factory Act makes provision for the sanitation of the factories under the Act. Overcrowding is prohibited; ventilation is insisted on, especially in those factories where the process of manufacture gives rise to dust, gaseous vapours or other impurities; and separate closets with separate approaches are to be provided for the use of men and women employed.

This being one of the most important provisions of the Act, it has received particular attention from the inspectors, and improvements are being rapidly effected, even at considerable expense to the employers in some instances. Fire escapes have been erected in several factories since the advent of inspection. It is particularly in the older buildings that improvements are necessary; the newly erected factories and workshops are generally well provided for in sanitary matters, but supervision is necessary to keep them so.

The matter of ventilation is one that requires constant and frequent inspection, for conditions that might be sufferable in favourable weather might not be so at other times. The extremes of heat and cold in Canada cause continual fluctuation in the temperature of workrooms, and those that might appear comfortable at one season of the year would be quite the opposite at another. Under the Factory Acts of some countries thermometers are required to be placed in the workrooms, and the temperature must be regulated accordingly.

In the matter of cleanliness, although much may be done by the employers, those employed are often to blame for not maintaining the good conditions. On the whole there is every reason to hope for great improvements under this section of the Act, but like all the other provisions it only applies to manufacturing establishments. In the Report of the Bureau of Industries for 1889, the collectors for Toronto state that "Both men and women in stores and small workshops suffer more from lack of accommodation and proper ventilation than the workers in larger establishments. One or more of the large stores in Toronto employ more hands than any save the largest factories. They certainly employ more children under fourteen and more girls from fourteen to twenty." In view of the above facts the collectors submit as a subject for enquiry "the propriety of extending the operations of the Factory Act so as to bring all or some of these establishments under its beneficent influences."

The "Shops' Regulation Act" provides that every one employing women in stores shall provide suitable seats and permit their use when the women are not especially engaged in work; but, as there is no system of inspection under the Act, this provision is, to a large extent, a dead letter. In Toronto occasionally some attempt is made at enforcement, but it is neither general nor continuous. One great objection employers seem to have to allowing girls in stores to sit down when they are not actively engaged is, that it gives an appearance of dullness of trade; and many will give a girl work to do to keep her employed when she is not serving.

Some system of inspection for the whole province is necessary in this matter. This could be accomplished by including mercantile establishments under the Factories Act. Under the laws of Massachusetts and Ohio seats are to be provided for women in manufacturing and mechanical establishments as well as mercantile ones; and it would be well if similar legislation could be enforced in Ontario, for standing in one position for any length of time is just as fatiguing as moving about, if not more so. In the States before mentioned no girl under sixteen is allowed to work at any employment whatever which compels her to remain standing.

6. *Need for Further Inspection.*

With the present staff of three officials much has been done for the improvement of the condition of those employed in factories. But factories are not the only places in need of inspection; and any extension of the Act would no doubt increase the labours of the inspectors to such an extent that the present staff would have to be augmented. Even without any extension of the Act it does :

seem that the staff is sufficient for persistent and frequent inspection. The field covered by each inspector is very extensive. One inspector alone includes in his district all the west side of Toronto and all western Ontario, including eighteen counties with numerous towns and cities; while for inspecting its saloons Toronto alone has three inspectors, and the Education Department appoints a school inspector for every county or electoral division of a county in the province.

Whether male inspectors are sufficient for carrying out all the provisions of the Act effectively is a question which has raised considerable discussion. There is not the slightest doubt that in matters where women and children are concerned, a woman will gain the confidence of her sex far sooner than a man, even in seeking general information. In glancing over the annual reports of the Bureau of Industries for Ontario one meets many sentences like the following:—"Collectors complain of the increasing desire exhibited by wage-earners, particularly by women, to abstain from furnishing matter for statistics." And again, "Women, as you are aware, are averse to giving such information, and in some cases are not approachable." As a contrast to this, it may be mentioned that in the pursuit of this inquiry in no single case was information refused by any of the many women and girls who were spoken to; indeed in most cases it was given willingly and even gladly.

Women factory inspectors have recently been appointed in several States in the Union, and so far with unqualified success. Pennsylvania was the pioneer State in this respect. Under its Factory Act one-half of the inspectors appointed are to be women. New York possesses eight female deputy-inspectors. Massachusetts has this year appointed two women; and Chicago has three for that city alone. Several other States are contemplating following these examples; and the States which now have women inspectors are asking for more.

Chief Wade, of Massachusetts, in his Address to the Convention of Factory Inspectors at New York in 1890, declares that "the women appointed possess peculiar qualifications for certain duties of factory inspection in which the comfort and health of their own sex are concerned. Many of the women appointed have long been identified with the study of industrial questions, and they may be regarded as well qualified by experience and sympathy for the faithful discharge of their duties." And Mrs. Alex. Bremer, one of the deputies for New York at the same convention, justly remarked that "as long as society permits the labour of women and children in factories and workshops, either to assist their husbands and parents to eke out an existence or to earn their own livelihood, as long as this deplorable state of things lasts, women as factory inspectors are a necessity."

CHAPTER II.—WAGES.

Section I.—Wages in Employments exclusively Female.

It may not be possible to draw an absolute line between what is skilled and what is unskilled labour, since all labour requires if not training at least aptitude; still it is evident that some employments are more easily entered than others because it is not necessary to have special training for them.

As might be expected the employments requiring comparatively unskilled labour cannot command such high wages *in the long run* as those demanding skilled labour, other things being equal.

The wages of skilled labour are subject to greater variation owing to the various degrees of proficiency from the apprentice to the finished workwoman; while the wages of unskilled labour are more uniform and do not rise much above what they were at starting, because such labour can easily be supplied when needed.

Even in different branches of the same employment some girls have special training than others. The way that is their being a number of experienced sewing machinists, for instance, in the garment factories, a carpenter and women. We shall therefore have employment especially in these lines and then consider their training more or less training.

The position of domestic servants, however, seems to be the most important and will be considered first.

1. Domestic Servants.

In Canada the class of domestic servants most universally employed is that of the girl owing to the fact that there are not too many boys in the service. In fact, where servants are kept only one is employed, and the class of general housework is as limited as the demand for them. There are not many boys in the service, and are enough to partially supply themselves more by training in the service of a household service; and in effect the supply of domestic servants is kept in line by training in the service of a girl, who comes in the cities for the better wages and who, in some cases, are they are imported from Great Britain and Ireland. In some cases many employments have opened up for women that the supply of domestic servants is rather short of the demand; and as a consequence their wages are a good deal higher than that many mistresses of households are obliged to pay without any compensation for their work. An inexperienced girl who goes to work in a household for the first time gets paid at, will come from \$3 to \$5 a month in a city. A girl who has been in the household from \$5 to \$11 a month, according to her work. In some cases it is called "a general" in some cases it is called "a housemaid" or "a parlourmaid." In some cases it is called "a general" in some cases it is called "a housemaid" or "a parlourmaid."

Cooks are rewarded with from \$11 to \$12 a month, according to the kind of work to be done. Cooks in hotels and restaurants are paid higher than those in private families; because as a rule the work is heavier and more subject to the position. Housemaids are paid from \$3 to \$5 a month, according to the kind of work to be done. In many cases the girl does the work of both a housemaid and parlourmaid, where it is not convenient to keep the two. Some girls get paid as much as \$11 a month. Kitchen maids from \$3 to \$5 a month. Parlourmaids from \$3 to \$5 a month. Sometimes \$11. Another class of servants is called "a general" in some cases it is called "a housemaid" or "a parlourmaid." The women who are sent into service are in need of a home and the mistress is in a position to consider. The demand is perhaps less than the supply.

The general reluctance of girls to go into service in Canada has been well stated. Many point out that they are really better off than girls working in the cities, where they go far as wages and comfort are concerned. On the other hand the mistress is obliged to pay for certain hours; and when her work is over her time is her own. They may prefer to work where there are a number of other girls employed, and as has been already stated, as long as a girl can live at home and earn a little money at some light employment there is no need for her to go into service. Moreover there can be no doubt that the social barrier which exists between mistress and maid does much more harm than good in a new country where class distinctions are not as fixed and definite as in other countries.

The work of a girl in a factory or shop is definite and well defined, while the work of a domestic, especially of a "general," is more indefinite and varied. This indefiniteness with regard to what a girl is expected to do and what she is not expected to do; is one of the causes of disputes which often end in a notice to leave or a dismissal. The fact that some mistresses require their servants to do too much leads servants very often to try to do as little as possible. On the other hand mistresses who treat their servants kindly are sometimes taken advantage of. Girls are expected, in Toronto, to give at least two weeks notice to leave. Each girl expects one evening a week for herself at least, and often more are given. That of

Sunday also is given. Some mistresses only ask that a girl should get through her work, and impose no restrictions. It is next to impossible to generalize on the various privileges and requirements of general servants. Each household seems to be a law to itself.

The majority of servants do not stop long in one place. Of course there are many exceptions, but the fact that a girl knows that she can get a place at any time makes her more independent. In cities many families who go away for the summer dismiss the servants; and in the autumn there is a general readjusting of service everywhere. Many girls work in summer hotels for the season and return when it is over.

At present there does not seem to be any expectation of the supply of domestics being increased. Wages have risen, so that many families who formerly were able to keep a servant now do without, and those who kept two or three can only keep one or two. In Canada the majority of housekeepers are able to do their own work in an emergency; so that the interval between the leaving of one servant and the advent of another does not mean a complete interregnum in the work of the household. Owing to the invention of many modern conveniences it is possible to reduce the work to a minimum; and by getting partial assistance for the very heavy work many are able to do without house servants altogether.

2. *Apprentices.*

Apprentices in dressmaking, tailoring and millinery are not required to pay any premium, but are not, as a rule, paid for the first six months. At the end of that time they receive some small remuneration as improvers and assistants. Much depends on the special talent and adaptability of the worker. As improvers and assistants they may receive \$1 or \$2 a week. In stores, girls sometimes serve as saleswomen for a short time for nothing; but more often they are paid from the start, especially if it is known to the employer that they are dependent on themselves. Sometimes they start as check and parcel hands at \$1.50 and \$2.50 a week. In the large majority of employments there seems to be no definite regulations in regard to fixed increase of wages. Many employers, of course, try to keep them as low as possible, and this they can do when they know that there are always many who are willing to work for what they can get.

3. *Miscellaneous Employments.*

In canning factories young girls are employed in preparing the fruit and vegetables for canning in the summer months for \$1 and \$2 a week.

In cigar and tobacco factories girls do the stripping, *i.e.*, taking out the midrib of the leaf, receiving on an average about \$2.50 a week.

In soap factories girls are employed in wrapping up toilet soap and packing it in boxes for \$2 and \$3 a week.

In seed factories girls empty and fill the seed packets. Those emptying receive $\frac{1}{2}$ cent per hundred and those filling get $1\frac{3}{4}$ cents per hundred. At this they make from \$2 to \$3 a week, and when particularly expert, even more.

In cotton, woollen and knitting mills there are various occupations, which are suited for girls, only requiring dexterity and nimbleness, such as tending the bobbins, for which they earn an average of \$2 a week.

In biscuit factories girls sort and pack the biscuits in boxes and label them, starting at \$2.50 a week. Those who are particularly skilful pack special grades, receiving as high as \$5 a week.

Girls employed in colouring bamboo work with gas jets and pokers receive \$2.50 a week.

In window shade factories girls tack on rollers, assist in decorating and sew on fringes and ornaments, starting on \$2 and \$3 a week.

Women employed in sorting rags for shoddy mills are paid by the bale. The work is not enticing, and young girls do not take it up. The only experience necessary is to

be able to tell the difference between woollen, cotton and silk goods and those which are mixtures. Women get from \$2 to \$5 at it.

As waitresses in restaurants and coffee houses girls receive \$2 and \$3, and are given their meals besides, except on Sunday. Those employed from 11 a.m. to 3 p.m. receive \$1.50 and their dinner. No special training is necessary, but a girl is required to be neat, quick and able to write a good hand to take down orders.

In bookbinderies girls do the folding and stitching. The wages run from \$1.50 for beginners to \$5. In one bindery the wages for one week were as follows:—One girl received \$5, four girls received \$4, sixteen received \$3, and a few received less.

In a number of employments women are paid by the piece, and then of course the wages vary considerably. In some cases quite high wages are paid, but they must be regarded as exceptional. Wages in large towns and cities seem to average more than those in small towns, where the cost of living is not so high and rents are lower.

In knitting factories where women tend the machines, much depends on the kind of garment that is made, but \$5 a week seems the limit, a forewoman getting about \$6. In woollen mills the wages also vary, the weavers getting the best pay, but at most \$5, the average being \$3.50. In cotton mills the wages seem to be slightly higher on the average, weavers and web-drawers getting over \$5 and \$6.

In boot and shoe factories, on piece work, the women do the stitching, getting as much as \$7. The men do the heaviest stitching and the soleing. Girls employed in the finishing room in putting in laces and buttons are paid about \$3 a week.

In corset factories the women do the stitching and men do the cutting. The less experienced do the plain stitching and the best hands do the closing in, while others sew on trimmings: the wages vary from \$1.50 up to \$8 and \$9, but \$5 seems a good average.

In laundries, wash-house women get from \$3 to \$5. Starchers get from \$4.75 to \$5.50, and ironers get from \$4 to \$8 a week.

In tobacco factories women do the packing and men do the weighing and pressing. The women receive as high as \$1 a day if good workers.

In cigar factories "bunch breakers" and "bookers" get from \$4 to \$5. Cigarmakers and rollers obtain higher wages. When very expert and experienced they have been known to make as high as \$13 a week.

In glove factories men do the cutting out and girls do the stitching and embroidering, earning from \$2 to \$6, averaging between \$4 and \$5.

Capmakers employed in stitching soft caps together make on piece work from \$4 to \$8.

In candy works those packing and finishing start on \$2.50 a week. Those working at chocolate candies and lozenges, paid by piece work get \$5 and \$6 a week.

Saleswomen in dry-goods stores get about \$3 and \$4 on the average. The heads of departments get from \$6 to \$15; but this only in the large stores. In small stores girls have no special department, but sell in all. In large stores millinery and mantel departments form a part of the establishment and are always in charge of women.

Dressmakers as waist and skirt hands rarely get over \$5 a week; cutters and fitters, generally being forewomen, get from \$6 to \$20, the average perhaps being about \$10.

Tailoresses doing wholesale work in shops are not often paid by the piece, and earn between \$3 and \$4 a week. Those working at home average about the same, but of course all depends on steady work. Those who do custom tailoring are paid better especially in busy seasons. Pant and vestmakers can make from \$5 to \$7 and coatmakers as high as \$11 and \$13 a week.

Bagmakers on piece work make from \$6 to \$9 during the busy season from October to March—these for special orders only; for the ordinary sizes of paper bags are made wholly by machinery.

In jewellery manufactories girls employed at burnishing start at \$1.50 and earn as much as \$4 and \$5. Engravers and chainmakers get better wages on the average, but \$5 seems the limit.

In tin and stamping works girls do the japanning and soldering. Girls are started on \$2 and \$2.50 a week; and when capable they are put on piece work. At soldering they can earn \$4 and \$5. Special hands earn as much as \$1.50 a day.

In dyeing and cleaning works, feather curlers get \$5 if expert. Ironers range from \$3 for plain ironers to \$7.50 and \$8 for fancy ironers.

In paperbox factories wages run from \$3 to \$6.

Machine operators on women's and children's underwear are generally on piece work. The cutters get \$6 and \$5.50, and the machine workers get from \$2.50 to \$6.

Girls employed as book-keepers, assistant cashiers and in other office work get from \$3 to \$10; a good average being \$6.

As type-setters girls begin at \$2 and get about \$4 when experienced; but there are not many women employed as compositors in Toronto.

Girls employed as telephone clerks in Toronto get nothing for the first few weeks till they are able to manage a switch alone. Then they get \$15 a month; after the first three months they get \$20 a month. The head operators get \$25 and \$30 a month. For each Sunday's work 75c. is paid, and 25c. for a dinner hour if a girl is then employed; 10c. an hour being paid for work done after hours in the evening.

The free library assistants receive \$300 for the first year and \$400 for the second. The head assistant gets \$450 a year.

Professional nurses with hospital training can command \$14 a week for ordinary cases and \$16 for infectious cases. Non-professional nurses ask from \$5 to \$10 a week.

Telegraphers generally start in large offices in Toronto as check girls getting \$12 and \$15 a month. As operators they get from \$25 to \$40 a month. In some offices, especially expert operators get \$45 and \$55 a month.

Typewriters and stenographers start at \$3 and \$4 when they have not much experience, and average from \$6 to \$8 as expert workers.

Public school teachers in towns and cities receive higher pay than those in villages and country districts. In Toronto the minimum salary for a public school teacher is \$324 a year; which is raised annually, irrespective of the grades taught, by \$24 a year till a maximum of \$636 is reached. Head mistresses receive as much as \$1,000; and in some cases increases are made on account of length of service.

The average salary for a woman teacher for the whole province is \$296 a year.

In the High Schools and Collegiate Institutes the average salary of a woman assistant in general work is \$575; and for those who act as specialists in any department, a position for which a university degree is necessary, the average salary is \$875; the highest being \$1,500 for a woman.

Women in the civil service, employed as clerks, average \$536 a year. The lowest is \$400, the highest \$800. Women in Ontario have entered at least one of the learned professions, namely, medicine; the number of lady doctors is rapidly increasing. Some go away as medical missionaries, others remain as local practitioners.

Section II.—Effect on Wages of Competition with men.

"It is difficult," as was recently pointed out at the meeting of the British Association, "to find cases in which men and women are employed at precisely similar work. In the great majority of cases in which the hiring takes place by time the inferior physical strength of women of necessity almost always tells against them."

In a number of employments, however, where the work is not too difficult for women *they are gradually displacing men.*

1. *Cigarmaking.*

In the cigar manufacture in Ontario, in which formerly men were largely employed, the work is now almost entirely done by women and children.

In one factory of one hundred and fifty employes only thirteen were men. The object of this is of course to cheapen the cost of production. The preliminary parts of stripping the leaf and breaking the bunch can be done by children with little practice; and in the past it was the custom to employ them until they learned how to do it and wanted higher wages, and then a fresh supply was obtained. Women who make the cigars can generally earn good wages, but they do not get on an average as high wages as men even where they are paid the same rate for piece work.

In Toronto there are very few women employed in cigar-making. The reason being that all the employes belong to a union which insists on all workers being paid alike, and the employers prefer to employ men, because they are likely to remain longer in the business. One woman who was paid the same wages as men on piece work stated that she did not make as much on an average as the men, because she did not care to risk the loss of her health by too close application to work.

In the tobacco trade women and children are also largely employed. The girls do the stripping and the women make the plugs, the men now only doing the weighing and pressing. Some attempt has been made to supersede the work even of women in cigar-making by the use of machines for that purpose; but as yet machine-made cigars are not in universal favour.

There is no doubt that if women were paid the same rates as the men they would not be so largely employed.

2. *Tailoring.*

In tailoring women and girls work largely for the wholesale trade in ready-made clothing; and the majority of the pant and vest makers doing custom work are women also. Coat-making for custom trade is done by both men and women, but women cannot command such high wages as men for the same work. For making a coat a woman will ask only two-thirds of what a man will: the probability being that if she asked the same she would not get the order. The question as to whether their work is as good is one on which a difference of opinion seems to exist. In some cases the men take the orders for custom work and employ girls to do the sewing on week work, which has the advantage of securing steady employment for them. Cutting the garments is seldom done by women, except in a small way for custom work in boy's clothing.

Comparisons are often drawn between the wages women receive for wholesale work and those they receive for custom work. A woman may receive only twenty-five cents for making a vest for the wholesale trade in ready-made clothing, while she will receive \$1 and more for an ordered vest. But it must be remembered that the garments are made quite differently and four vests of the first kind might be made during the time occupied in making one of the second kind. Those who are paid by week work do not of course receive as good wages as those on piece work.

3. *Saleswomen.*

Where both men and women are employed in selling goods in dry-goods stores, the women have charge of the lighter departments, such as gloves, hosiery, laces, buttons, fancy goods, ribbons, etc., while the men take the heavier departments of dress goods, carpets and other house furnishings, so that it is not possible to compare the wages in such cases. The women of course invariably receive less, except perhaps when they are heads of departments and are entrusted with the buying in their special lines. In small stores girls are not given any particular department on account of the limited stock carried, but sell in all, even dress goods, so that in some cases the work proves too heavy. Some employers who do not carry a large stock of light articles prefer men altogether. Here as elsewhere in the employment of girls and women it is a question of cheaper

labour; but in the large stores especially it seems that there is room for the employment of both men and women, the particular sphere of each being different. As in all other employments entered by women, the probability of marriage is a drawback to the permanency of their employment.

4. *Stenography, Typewriting, Book-keeping and other Office Work.*

It is in office work more particularly that women of late years have displaced men; and it is probably in part the result of this is that the standard of wages for men in this kind of work has been perceptibly lowered. Another reason, however, for the low wages is that the supply is becoming greater than the demand. Although it is true that really efficient and competent workers can get positions, the market is overstocked with inexperienced clerks, owing to the system adopted in some business colleges and schools of accepting as pupils any who offer themselves for instruction, whether they have sufficient education or not. This is particularly true of typewriting and amateur stenography. The larger business colleges, it is true, state in their circulars that they prefer those with a good common education, but as yet there is no standard absolutely required for those who wish to pursue a commercial education. In Ontario there is a commercial course in the high schools for which certificates are granted, but the instruction does not include all branches of a business education. If a check is to be placed on this overcrowding, the business colleges will have to insist on some standard of excellence in the branches of an ordinary English education before accepting a pupil, and positions should only be given to those who are known to be competent. Women seem as fitted for this work as men, and have proved as competent where the work was not too severe.

5. *Telegraphy.*

In telegraphy it is generally believed that women do not receive as good pay as the men. In Ontario men do all the night work; and where men and women are employed in the same office the men work the heavier lines. In this employment, as in others, one result of the competition of women is the lowering of salaries. In a few cases, it is true, women do as good work and receive as good pay as some men. In some cases girls, after learning the business in Canada, have found more lucrative positions in the States, where the salaries are as a rule much higher than here. That these higher salaries are to a large extent counterbalanced by the higher cost of living is usually not realized before migrating.

6. *Teaching in Public Schools.*

That the number of men in the teaching profession in Ontario is decreasing, and the number of women increasing is shown from the following figures:—In 1877 the number of men teaching in the public schools in Ontario was 3,020, and the number of women 3,448. In 1889 the number of men was 2,774, and of women 5,193. Although the whole number of teachers had increased by 1,499 in twelve years, the number of men had decreased 226, and the number of women had increased 1,345. In 1889 the average salary for a male public school teacher was \$421, the highest being \$1,500, and the average salary for a woman was \$296. This difference is partially explained by the fact that men hold the positions of head masters especially in the graded schools of the towns and cities, and as a consequence receive larger salaries. Still, in the small ungraded schools, where women have frequently charge of a whole school, their salaries are undoubtedly smaller than those of men in similar positions. The large increase of women teachers at low salaries has led to the abandonment of the profession by men in most cases, except as a stepping stone to some other work.

The objection generally urged that women do not take up work with the intention of remaining at it for any length of time applies equally to men as far as public school teaching is concerned, especially in the smaller schools. Women remain in this profession fully as long as, if not longer than, men do, and in some cases teach equally well if not better;

so that there seems to be no reason why they should not be paid as well. Except in cases where the duties of a head master entail more labour there is no difference in the kind of work.

In the High Schools and Collegiate Institutes until within the last few years women only occupied the lower positions, at, of course, lower salaries; but since the advent of higher education for women they have been able to take their places beside the men in teaching the same work, and the tendency at present is to pay them as well. So far only one woman has held the position of head master of a high school. In Toronto some of the smaller public schools have women as head mistresses, and recently an attempt was made to increase their number. It is to be hoped that the present tendency towards paying women teachers the same as the men will grow, so that it will be a question of getting the best teacher in each case and not the cheapest.

CHAPTER III.—EMPLOYMENT OF MARRIED WOMEN.

The employment of married women in factories and stores in Ontario is not general. In a large number of factories and stores there are no married women at all; at most only one or two widows. Married women in Canada do not seem to go out to work as long as their husbands are at all able to support them. In canning factories, during the summer months, numbers of married women may be found; many work in laundries; and in a mill stock factory (preparing rags for shoddy mills) visited by the writer most of the women were married. Market gardening is a means of subsistence to some. Women whose husbands are dead or are not able to support them, will not go out as long as they have children at home to care for, but prefer, if they can, to engage in some work which will keep them at home. Women in poor circumstances go out washing and ironing to private houses or else take it home to do. In many cases they take in sewing or dress-making, and do tailoring for the wholesale trade at their homes.

In Toronto during a greater part of the year there is a large student population gathered from all parts of the province, and accommodation for them needs to be ample, as well as for many other young men and women who find employment away from their homes; so that taking in boarders is a frequent resource for married women who have homes but need to increase their income.

As yet there seems no need for special legislation in the Factories' Act on behalf of married women as in more thickly populated countries.

CHAPTER IV.—HOMES FOR WORKING WOMEN.

About one-fourth of the women employed in various occupations in Toronto have come from other parts of the province and are obliged to board in one way or another. The majority of girls who board find rooms in private families at prices varying from \$2.25 and \$2.50 up to \$5. Girls who get their meals at their places of business, as in restaurants, can get room and Sunday board for \$1.50. At the Young Women's Christian Association rooms girls may get board for \$2.25 and \$2.50, and are allowed to do their own washing, which is "quite a consideration." For the benefit of girls who cannot go home to dinner while at work, the Girls' Institute on Richmond St. provides meal tickets for dinner at the rate of six for fifty cents, a cup of tea being three cents extra. Regular board may be obtained here for the same prices as at the Association rooms. A new building, now in course of erection by the Young Women's Christian Association, is expected to give accommodation to an increased number of girls who are obliged to board.

A "King's Daughters'" boarding house has also been started, which at present accommodates fifteen girls. It is really a kind of co-operative house-keeping. All the boarders are King's Daughters, and it is self-supporting. The prices for weekly board are from \$2.25 to \$3 according to accommodation. This scheme is capable of considerable extension, and it is to be hoped that many more such boarding houses will be started.

The fact that many girls in employment in Toronto live at home and are able to accept small wages makes it rather difficult for those girls who are obliged to board to command good salaries, if they are not especially experienced or competent. Some do not find it possible to pay even \$2.25 a week; for in many cases, as can be seen by the wages given, they do not get more than \$3 a week. Sometimes two girls will board together and get a room for \$1 a week. By buying meal tickets they get their dinners for \$1 a week, and then they cook their own breakfasts, teas and Sunday dinners. In one case this could be done for 75 cents a week, so that the total cost of board for the two girls was \$2.75 a week, or \$1.87½ for each. This is, perhaps, barely living; but where the total income was \$6 a week for all expenses economy was inevitable.

In another case where a girl earned \$3 a week she was obliged to spend it almost all in food for herself, mother and two sisters. The earnings of the mother as a sick nurse went to pay for rent, fuel and clothing. The carefully estimated expenditure for one week would average as follows, allowing slight differences for different seasons:—

Bread (14 cents a large loaf)....	\$0 85	Potatoes	\$0 15
Oatmeal	25	Currants (for bread pudding)....	6
Milk (6 cents a quart)	42	Coal oil	10
Sugar	10	Soap and salt	10
Butter (good)	20	Insurance (10 cents each)	40
Lard	12		
Meat	25	Total	\$3 00

The item for insurance seems large; but as saving was impossible they felt safer in knowing that in case of accident or sickness money would be forthcoming. It was also felt that the best food was really the most economical in the end, so that cheapness was not attempted.

Girls who are out of work may obtain board at the rooms of the Y. W. C. Association, and also at the Woman's Night Shelter at 40 Centre Ave. It has long been felt that some place was needed where girls without money could go in case of emergencies; and at the last place mentioned an attempt has been made to supply this need. It is to be hoped that its efforts may be as successful in the future as they are at present.

The Y. W. C. Guild in Toronto have been instrumental in providing a "Rest" on Toronto Island during the summer months for girls who wish to board there while they have their holidays, or even while continuing their employment in the city. Through the kindness of well-wishers houses have been obtained rent free, and the other expenses have been met by charging the nominal charge of \$1 and \$1.50 a week for board. During the summer of 1890 one hundred and fifteen girls in all took advantage of this opportunity for getting a rest and change of air. In 1891 only one house was used, but it was full to overflowing. One large dry goods firm in Toronto, which employs many girls, established a summer home in Muskoka during the summer of 1891 for saleswomen in their holidays. This is an example which ought to be imitated.

CHAPTER V.—TRADES UNIONS AND WOMEN'S SOCIETIES.

1. *Trades Unions.*

Trades unions of women in Ontario have not been numerous nor remarkably successful; but still they have been formed at various times. In a number of cases, also, women have joined the men's unions. In Hamilton, Kingston and Toronto, Assemblies of the Knights of Labour have at various times been formed of women alone; but at present none seem to be active.

In Toronto as far back as 1883 a union was formed among telegraphers; and women were asked to join as well as men. A strike organized by them having failed, the union was for the time dissolved.

About 1885 an Assembly of the Knights of Labour was organized of women in various occupations. It was called "Hope Assembly," and lasted for some time, but finally succumbed.

About 1888-9 the "Silver Fleece" Assembly was formed, composed of women in the tailoring business. It is not now active.

In 1889 the corset-makers organized an Assembly to carry on a strike to resist a reduction of wages. A compromise is said to have been effected; and the assembly has ceased to exist. Women belong at present to the cigar-makers and typographical unions, but their numbers are so few that practically women are not a factor in trades unions or Knights of Labour assemblies at present in Toronto at all.

The non-success of trades unions among women is partly attributable to the same causes as the but limited success of such movements among men in Canada and America generally. Both men and women in various trades in Canada are always looking forward to bettering their condition in some way, and do not expect their connection with a trade to be permanent. This is particularly the case among those who are apt to be the leading spirits in the movements. Women, moreover, have in the past lacked the training necessary to carry on such unions, and were often altogether ignorant of the nature of labour combinations. And again, since women on the whole do not remain long in employment, benefit and superannuation schemes in connection with the unions were not much appreciated. Moreover there does not exist that "class spirit" among women in employments that is necessary to organized progress; and men with reason complain that it is difficult to operate plans of any sort which require unselfish action among large bodies of women.

There is no doubt that in unions among men and women employed at the same trade, where equal wages are demanded, the women gradually become fewer and finally drop out, if they are physically unfit for as severe labour as the men; and they know in such cases that it is not to their individual advantage to belong to the unions. Where equal-pay is demanded for equal labour, the "survival of the fittest" is alone possible.

2. *Working Women's Societies.*

Although trades unions among women have not been successful so far in Ontario, it is not to be assumed that women are unsuccessful in uniting themselves together in clubs and societies of other kinds. In fact the formation of women's clubs for various objects seems to be one of the most noticeable movements of the present day.

About seven years ago a movement was set on foot in New York to establish a working girls' society governed by the working girls themselves, for social, intellectual and moral purposes. A working girl's society as defined by its members is, "an organization formed among busy women and girls, to secure by co-operation means of self-improvement, opportunities for social intercourse, and the development of higher noble aims. It is governed by the members for the members, and strives to be self-supporting." In Toronto some years ago it became evident to those who had at heart the welfare of girls, particularly those in business positions, that associations, however good, formed on a charitable basis, were not far-reaching enough in their

aims to meet the needs of those girls who were anxious for self-improvement. And in 1886 a Young Women's Christian Guild was organized which aims at promoting the spiritual, moral, intellectual, social and physical welfare of young women. Those who organized it were anxious to work *with* not *for* the members. All young women of good character are eligible for membership on payment of a fee of \$1 per annum, paid annually or in quarterly instalments. After four years successful work the present parlours of the guild have become inadequate; and a large new building has been erected by the aid of subscriptions, on McGill Street, which is to be occupied in 1892. At present the active membership is nearly three hundred. A most important feature of the work, besides the regular meetings in which all the members take part, is the provision of a number of classes for instruction. Both teachers and taught are guild members, so that no fees are asked except for the gymnasium class, which is obliged to ask a fee of fifty cents. Classes exist in music, vocal and instrumental, in book-keeping, shorthand, dressmaking, drawing, painting, fancy work, and the various branches of an English education. The dressmaking class is particularly helpful to those who find it necessary to make their own dresses. There are several teachers in each department; and, as the work progresses, those who started as pupils assist as teachers. The only salaried office is that of the secretary, who takes charge of the parlours and attends to the business generally. Girls are assisted in finding employment and in obtaining boarding houses. The regular meetings have always some special feature of interest prepared for them—lectures, essays, missionary addresses, medical talks, socials, etc. The parlours are used by the members at all times of the day; members who cannot go home at noon from their places of business bring their lunch; and on Monday evening those who have not time to go home before the meeting have a tea in the parlours. The Silver Cross Circle of King's Daughters are all guild members. It is to them that the success of the boarding house has been due; and they also publish in connection with the Guild a monthly magazine called *The Gazette*, which is furnished to the members for twenty-five cents a year.

A branch guild has been started in the east end of the city for those living there, and it is to be expected that others will be needed as the work increases.

One reason for the remarkable success of the guild's work is that it satisfies that desire for self-culture and self-improvement which many have often been unable to satisfy for want of opportunity. It recognises no class distinctions. Those who have superior talents, wealth or leisure, use them for the benefit of those who have not; none are so poor that they cannot comfort and cheer less fortunate ones, and none so rich that they cannot learn lessons of self-sacrifice and patience from the lives of those less fortunate.

Where trades unions fail, such associations as this will succeed in advancing the cause of woman. The sisterhood of the society will extend itself to the work room; where too often needless and harmful distinctions exist even between co-workers.

There is room for such guilds and associations in every town and village in Ontario, where they do not already exist. The methods of self-government and self-support among the girls themselves will do much to improve their condition in employment. They will learn how they can best promote their own interests and those of their fellow workers. Mutual benefit clubs and saving societies should form not the least important part of the work of the guilds.

CHAPTER VI.—THE FUTURE.

It is to such organizations as these guilds that those who are looking forward to an amelioration of the present condition of working women, turn for help. It is evident that much can be done by women themselves among themselves towards this end. If women are to improve their condition they must know what that condition is and why it needs improving; they must realise the position they occupy as wage earners, in the complicated and intricate structure of modern civilized society; they must ascertain what tendencies are

at work in their particular employment ; they must feel that it is their duty to strive to prevent such tendencies as are inimical to their welfare and consequently to the welfare of the human race ; and they must seek to discover what are the best means of bringing this about. To the attainment of such knowledge much education is yet necessary ; and in the giving and gaining of this education, much individual self-sacrifice may be needed. " Looking not each of you on his own things, but each of you also on the things of others." In the struggle for existence women must recognize that, whatever they are or may become intellectually, physically they are not and never will be men ; and in seeking occupations, unlimited competition with men is not desirable. This fact is often lost sight of by those who, regardless of results, urge the indiscriminate opening of all employments to women. It is often disregarded by the women themselves, who seek and submit to employment for which they are or evidently become physically incapable. True, restrictive measures of any kind are not apt to be popular, but they may nevertheless be expedient. To debar women from particular employments or to place certain restrictions on them seems to be a step backwards instead of in advance ; but it may be so only in seeming.

A girl who had lost her health, and finally was obliged to give up her situation on account of continuous application to work, which, after some years' experience, proved beyond her strength, said to me, " We do not know at the time and do not believe that we are over-exerting ourselves." Isolated cases of women having shown themselves able to stand a severe physical strain cannot refute the fact that a vast majority of women are of weaker mould than men, and that over-work has in many cases been the cause of a life of semi-invalidism. It is nothing short of criminal to permit, let alone to exact, an undue exertion of physical strength from women ; and it is the duty of the Government to prevent it. That women are willing, nay, even anxious sometimes, to attempt hard physical labour, is no reason for their being permitted to do so.

Another result of the indiscriminate and extensive employment of women is increasing danger to the life of the home. It is generally conceded that the family is the great safe-guard of a nation's prosperity, and anything which would endanger it cannot but be looked on with disfavour and even alarm. What does the displacing of men by the competition of women at lower wages mean if not that the former often find employment more difficult to obtain or less profitable than formerly, and are less able to provide means of maintenance for a family ? Man was intended by nature to be the bread-winner of the family ; and if family life is to be maintained such he must remain : so that the persistent usurpation of his place by unfair competition must mean eventually a danger to the continuance of the home. Let women, when they wish to compete with men, meet them on fair ground by demanding equal remuneration.

It is true that under the present condition of things many women find employment of some kind necessary for their support, and for such let the field of labour be as wide as is consistent with their physical ability. But it is the duty of those who accept low wages because they are not entirely dependent on themselves, to remember that in so doing they are making it more difficult for those who really are obliged to support themselves to obtain remunerative employment.

In discussing the occupations of women in this paper no reference has been made to certain learned professions or other like careers which of late years have been entered by women along with men. Such occupations have not been considered as coming within the scope of the present enquiry, since they are independent of any legislative control, and questions regarding competitive wages or low wages do not arise with regard to them. Whether they ought to be included within woman's sphere of labour or not seems largely a matter of custom and prejudice. If the entering of such professions or the holding of such positions can tend in any way to aid in the general improvement of the women wage-earners as a whole, that of itself is a sufficient reason why women should do so.

Whatever hopes for the future exist among the well-wishers for women wage-earners in Ontario, much can be done in the immediate present for their benefit in the way of

legislation. For this end the following amendments and extensions of the Factory and Shops' Regulation Acts have been suggested in this paper:—

1. The clause limiting the places included in the Factory Act to those employing at least six persons should be struck out.
2. Mercantile and mechanical establishments where women are employed should be included in the provisions of the Factory Act.
3. The employment of boys under fourteen should be prohibited; and that of all boys and girls under sixteen in those factories which are considered dangerous.
4. The number of hours per week should be reduced from sixty to fifty-five, so that nine hours a day shall be the maximum, or else that there shall be a half holiday on some day of the week.
5. The period of one hour for a noon-day meal should be compulsory for employés.
6. Night work for women should be definitely prohibited.
7. The section of the Shops' Regulation Act, regarding seats for females, should be extended to those in factories and offices, and no girl under sixteen should be allowed to engage in any employment which necessitates her standing.
8. Inspection should be provided so as to make the Shops' Regulation Act effective.

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· NO. IV.

THE TARIFF HISTORY OF CANADA

BY

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University of Toronto.

WITH A PREFACE

BY

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No. IV.—“The Tariff History of Canada,” by Simon J. McLean, B.A.

*Copies of these Essays may be obtained on application to the Education Department for Ontario,
Toronto.*

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PREFACE

The Toronto University Studies in Political Science were instituted by Professor Ashley in 1889. Three monographs were published in that series, each of them being a valuable study in Canadian economic or constitutional history.

The present issue consists of a History of the Canadian Tariff, by Mr. Gordon J. McLean, B.A., Mackenzie Fellow in Political Science. This monograph expanded from a paper written in competition for the Bankers' Scholarship in 1914. Mr. McLean divided the prize with Mr. J. D. Phillips, B.A., the papers of these two competitors being regarded as equal.

Although the tariff and its history involve many political as well as economic considerations; and although the statement of these is not easy without closing a bias towards one or the other of the political parties, an attempt has been made in the following pages to give an impartial account of the history of the tariff.

Academic treatment of problems that are always in the melting pot of political controversy, must necessarily appear tame and bald beside the rhetoric of partisans; but its value for the student is none the less on that account. Clear statement of the dry bones is an indispensable preliminary to the formation of reliable conclusions; and it appears to me that Mr. McLean has successfully accomplished this.

Mr. McLean has brought together for the first time, the elements which contributed both before and after confederation towards the making of the tariff as now is. He has shewn that one of the main reasons for confederation was the "commercial union" of the provinces. He has shewn, also, that although the provincial tariffs prior to 1867 were very varied, they were in the main low tariffs for revenue rather than high tariffs for protection. This feature of the provincial tariffs, especially those of the Maritime Provinces, practically determined the character of the Dominion tariff when confederation brought the provinces together. Mr. McLean has also shewn how after the early days of confederation were over, the country, under the guidance of Sir John Macdonald

embarked upon the National Policy—a policy ostentatiously protective. The later history of the tariff under the National Policy is shewn to be characterized by efforts more or less continuous to remove the crudities and inequalities of the earlier phases of the tariff and by efforts to modify those imposts which, while protecting one class of manufacturers seemed to injure others.

The oscillations between the policy of imposing specific and that of imposing *ad valorem* duties are very interesting to follow in detail, as also the tendencies to increase duties upon spirits and upon some luxuries on grounds partly economical and partly ethical.

The history of the Canadian tariff on its legislative side having been competently summarized, there remains the more difficult task of examining the course of prices in Canada, alike of manufactured goods and of agricultural products and of estimating the effect of tariff changes upon those prices.

The complex relations between tariffs and prices may probably form the subject of a similar study in the future.

JAMES MAVOR.

THE TARIFF HISTORY OF CANADA.^{||}

I.

CONDITIONS PRIOR TO CONFEDERATION.

Prior to 1867 the provinces were isolated units and the amount of inter-colonial intercourse and commerce was but small. Each province went on its own way in matters pertaining to tariff legislation, endeavoring to secure its own immediate interests; "each province did what was best for its own immediate wants, built its little Chinese wall around its own frontier and taxed the manufactures of a sister province as readily as those of Russia or the United States."* The inevitable results of this pursuit of individual provincial interests, were conflicts of tariffs and constant hampering of trade.

In Nova Scotia the general tariff rate was 10 per cent.† Although some favor is shown in this tariff to the manufacturers by the inclusion in the free list of materials suitable for manufacture, yet on the whole the revenue idea is the strongest. The semi-dependence of Nova Scotia on other regions for its supplies of agricultural produce is indicated by the placing of this on the free list. The tariff is characterized by simplicity—its duties are either *ad valorem* or specific, no place being found for compound duties. The fact that so many of the duties imposed are specific shows the somewhat crude nature of this tariff; for specific duties, more especially in countries which have not reached a high state of commercial development, have a tendency to be applied in a rough and ready manner. Under a fixed specific duty the result is often inequitable; for the proportion of duty-charge bears much more heavily on the poorer goods, and thus the poorer classes of the community, who consume these goods, are placed at a disadvantage. The *ad valorem* duties comprise three schedules, viz.: 20 per cent., 15 per cent., and 5 per cent. The 20 per cent. rate is imposed on luxuries and the finer classes of manufactured goods.

Although, in general outline, the tariff of New Brunswick‡ bears much resemblance to that of Nova Scotia, yet in one particular there is a difference. In the Nova Scotian tariff the free list had been made use of in order to extend inducements to manufacturers; but in the tariff of New Brunswick this feature is absent. The general rate, indeed, is heavier, but the difference in rate is attributable to a greater need for revenue. Here, as in the Nova Scotian tariff, the specific rate of charge is favored. Luxuries, together with most of the commodities in common use, have a specific duty imposed upon them. In the case of wine there is a compound duty.§ This is a departure from the usual practice of these early tariffs for, in general, simple duties were preferred. The *ad valorem* goods

*Gray's History of Confederation, vol. 1, p. 12.

†Cap. 8, Revised Statutes of Nova Scotia, 1864.

‡22 Vict. N.B. 1859.

§2s, 6d. and 12½ per cent.

|| The skilled and kindly advice and criticism of Professor Mavor have been of material aid to me in the revision of my essay. It affords me much pleasure to acknowledge my indebtedness to him.—S. J. McL.

are arranged in two lists, viz.: ship supplies on which there is a charge of 1 per cent., and machinery and iron manufactures which are taxed 15 per cent. The general rate on goods N. E. S. is 12½ per cent.*

In Prince Edward Island the tariff rate, at this time, was about 11 per cent.; while in Newfoundland it was on the average 10 per cent.†

The tariff of the province of Old Canada was the outcome of special circumstances; on account of the inland position of the province, and the greater charges incurred in the building of public works, and general internal development, it was found necessary to impose rates of duty heavier than those imposed by the provinces by the sea. In these earlier days the means of internal taxation were practically in their infancy, and hence the Government was forced to rely in great degree upon the customs duties. The two Acts of Old Canada which are of importance in this connection are those of 1859‡ and 1866§. The latter, however, is the Act which outlined the tariff of the new Dominion, and may, therefore, be more advantageously considered in another connection.

Although the general rate on goods N. O. P. was 20 per cent., the duty in the case of specified commodities was, in many instances, much higher. The rates of charge vary from 100 per cent. in the case of liquors, to 10 per cent., in the case of iron and steel and their manufactures. The rate of duty on luxuries and quasi-luxuries is, in general, high. An attempt is made, however, to accommodate the tax to the different qualities of the commodity; for instance, there is a tax on sugars according to quality, of from 10 per cent. to 40 per cent. The tax on liquors is exceedingly high; in the tariff legislation of Canada, as in that of most civilized countries, there appears, on the whole, a uniform tendency to increase the duties on spirits, but this rate of 1859 was high beyond precedent. The reasons which led to the adoption of this rate were partly economic and partly ethical. The Finance Minister had proposed, in the tariff resolutions, a 50 per cent. tax**; but it was represented to him that such a "low rate of duty would encourage intemperance," hence the increased duty.†† The question of extending protection to mineral products was not considered in this tariff, for we find that lead, copper and iron ores were admitted free of duty. This serves to indicate the undeveloped condition of the mining industry.

The Canadian tariff differed from the Maritime tariffs in general principle as well as in more detailed outline. It has been shown that the Maritime tariffs were for the most part specific, the *ad valorem* system of duties holding only a subsidiary place. In the Canadian tariff the conditions are altogether different, for, with a few minor exceptions, the duties are *ad valorem*. The principle of substituting *ad valorem* for specific duties had been adopted when a new administration was formed in 1858; the change was advocated because it was considered that it would ensure a more equitable pressure of customs duties upon all. The proposed reconstruction of the tariff on an *ad valorem* basis was outlined in the

*The customs contraction N. E. S. signifies "not elsewhere specified," N. O. P. means "not otherwise provided for."

†Confederation Debates, p. 141. Speech of Hon. D'Arcy McGee.

‡22 Vict., Cap. 2.

§29-30 Vict., Cap. 6.

||Bastable Public Finance, pp. 495-9.

**The 50 per cent. rate had been thought of because a similar rate was proposed in the amended tariff of the United States. The significance of this and similar facts will be considered in the Appendix. See

††The Influence exerted upon the Canadian Tariff by the Tariff of the United States."

††Budget Speech, March 7th, 1859.

Speech from the Throne, and despite sundry objections that it would prove prejudicial to the interests of Upper Canada,* which imported more extensively than Lower Canada, the new tariff was carried into effect.

The rates in this tariff† are much higher than those in vogue in the Maritime provinces. The years 1857-8 had been somewhat disastrous in financial circles, and the Canadian Government, finding itself much straitened for revenue, was forced to raise the tariff; an Act of 1858 had increased the general rate to 15 per cent.; in 1859 it was still further increased to 20 per cent. But there was also an avowed protective intent present in the tariff. When the tariff Acts of 1858-9 were passed the Colonial Secretary, the Duke of Newcastle, protested against the protective features of this legislation, but the Finance Minister asserted the right of the Canadas to conserve their own interests in the way they deemed best.‡ The tariff policy of Nova Scotia or New Brunswick affected directly only one province; the tariff policy of Canada affected two portions of country with divergent interests, and in the endeavor to accommodate these warring interests a protective policy was deemed to be of service.

A brief tabular summary will serve to indicate the war of the tariffs. For this purpose the following commodities may be chosen: spirits, tea, sugars, tobaccos, agricultural products, iron and its manufactures.

—	Nova Scotia.	New Brunswick.	Canada.
Spirits	Specific, average rate 70c. per gallon	Specific, average rate 1s. 9d. per gallon	<i>ad valorem</i> 100 per cent.
Teas	<i>ad valorem</i> 10 per cent	Specific, 2d. per lb.	<i>ad valorem</i> 5 per cent. to 15 per cent. according to quality.
Sugars	<i>ad valorem</i> 20 per cent	Specific, from 10d. to 1½d. per lb. according to quality	<i>ad valorem</i> 10 per cent. to 40 per cent. according to quality and fineness.
Tobaccos	<i>ad valorem</i> 20 per cent	Specific, 2d. per lb	<i>ad valorem</i> , mixed tobaccos 30 per cent, cigars 40 per cent.
Agricultural products ..	<i>ad valorem</i> , meat and poultry 10 per cent	Free	Free.
other products free	other products free	Free	Free.
Iron and its manufact'r's. }	<i>ad valorem</i> 5 per cent	<i>ad valorem</i> 15 per cent	<i>ad valorem</i> 10 per cent.

That conflict of tariffs was one element in the plexus of causes which brought about Confederation is evident in contemporary speeches and newspapers. In the meetings of the delegates at Charlottetown "the detrimental way in which the conflicting tariffs operated to each other's disadvantage,"§ was referred to. The Hon. Geo. Brown, in a speech at the time, said: "but far in advance of all other advantages would be this that the union of all the provinces would break down all trade barriers between us and throw open at once to all a combined market of four millions of people."|| The speeches of Cartier and other delegates were in the same strain. The position taken by the merchants is, however, more important in that it indicates the views of the mercantile classes, and here we find that the merchants and the delegates were at one. In the banquets which were

*Toronto *Leader*, January 31st, 1859, also report, in Toronto *Leader* of March 16th, of meeting of Toronto Board of Trade.

†22 Vict., Cap. 2.

‡Budget Speech, 1859. See also Toronto *Leader* for March 12th, 1859.

§Gray's History of Confederation, vol. 1, p. 31.

||*Ibid.*, p. 42.

given to the delegates in Quebec much stress was laid, by Quebec merchants, on the fact that the doing away with hostile tariffs would be of much advantage to trade. At a banquet, given by the Quebec Board of Trade, Mr. Joseph* said : " we desire that the unequal and hostile tariffs of the several provinces should disappear, we want one tariff instead of five."† To allege that economic motives alone brought about Confederation would be to go too far; but none the less is it true that one immediate advantage that was expected from Confederation was a tariff which would forever do away with the constant friction that had hitherto existed.

It was necessary to obtain a uniform tariff. The Maritime delegates had been accustomed to a comparatively low rate of duties, and consequently they objected to the high tariff of Canada. One of the first things to be done then, before Confederation could become practicable, was the formulation of a tariff which should approximate to the lower rates of duties charged by the Maritime provinces.

II.

THE DAYS OF THE 15 PER CENT. TARIFF, 1867-74.

The delegates of the Maritime Provinces had made no secret of their dislike for the high tariff of Canada, and so an approximation to the Maritime tariff rate, which was on the average $12\frac{1}{2}$ per cent., had to be effected. Accordingly the Tariff Act‡ which was passed was intended as a compromise. The duty rate on goods N. O. P. was reduced to 15 per cent., the general rate of the tariff of 1858 being thus accepted. As contrasted with the ante-Confederation tariffs, this tariff of the new Dominion bears the mark of compromise. Under the tariffs of the Maritime Provinces the duties had been for the most part specific; under the Canadian tariff of 1859 the duties were, with one exception, *ad valorem*; in the tariff of 1866 we find an attempt at a reconciliation of these divergent tendencies.

In addition to the specific duties in the new tariff we find three rates of *ad valorem* duties, viz.: 25, 15 and 10 per cent. The 25 per cent. schedule may be described as a tax on luxuries. The 15 per cent. schedule is the most important. It was from this list that the bulk of the revenue was expected, and it was from this list that the bulk of the revenue was obtained.

The influence of the sea-coast tariffs is seen in the substitution of specific for many of the *ad valorem* duties hitherto in force. Several instances of this may be cited. The Canadian duty on spirits had been an almost prohibitory *ad valorem* one; the specific duty was now adopted,§ although the rate was somewhat higher than the average rates of the Maritime tariffs. Another instance is in the case of sugars where the *ad valorem* duty was also replaced by a specific rate.|| the rate in this case also being higher than the corresponding one in the Maritime tariffs. In the Canadian tariff of 1859, as in that of New Brunswick, there had appeared isolated instances of compound duties. It can not be said that any real endeavor towards compound duties is manifested in the tariff of 1866, although there is a tentative attempt in this direction in the tax on tea**—an experiment

*President of the Quebec Board of Trade.

†Gray, p. 83.

‡29-30 Vict., Cap. 6.

§70c. to \$1.20 per gallon.

||1.8c. to 3c. per pound.

**15 per cent. and 7c. per pound.

which was further followed out in the imposition of a compound duty* on tobacco in 1867. There are fewer unenumerated goods in this tariff than in the earlier tariffs. A case in point is the following: alcoholic perfumes had been included in the general rate on spirituous liquors; now they are classed separately and are made the subject of a specific tax.† This tendency, towards greater definiteness in point of enumeration, comes as a consequence of the development of the tariff and the more thorough acquaintance on the part of the legislature with the various forms of taxable commodity.

The more definite adoption of the principle of protection is evidenced in the free goods schedule, where, among other articles, are included colors, when imported for the use of wall paper manufacturers.

Under Schedule F provision is made for reciprocal trade with the United States in agricultural products, fish and lumber.

Although this tariff is to a certain extent the creature of opportunism and compromise, yet, perhaps, it may be well to seek in it for some dominant principle. It has been argued by the Hon. Mr. Gray that, despite a temporary concession to protection in 1870,‡ this tariff was throughout a revenue one. The dictum of one of "the Fathers" is of importance, but it may be possible to discover in the tariff itself, as well as in the views of those who had to do with its enforcement, some conclusions that run counter to such a plea.

We shall first examine the internal evidence. It has been noted that the 25 per cent. schedule is practically a luxury tax. This tax may be looked upon as a relic of the old idea that taxes should press most heavily on articles of luxury. The evidence of history warrants the conclusion that taxes partaking of the nature of sumptuary legislation are not highly successful, either in accomplishing their more immediate intention or in the secondary and more prosaic one of raising revenue. The more specialized evidence of financial history also affords evidence of the truth of this.§ The reason of this is not far to seek. The Finance Minister has primarily to consider the question of raising revenue—although the matter of incidence has also to be borne in mind—and he finds that, unfortunately, it is the necessities of life which, under normal conditions, furnish the bulk of the revenue. Luxuries are of fluctuating demand; the demand for the necessities of life is less subject to change. The facts of Canadian financial history show that the receipts from the 25 per cent. list were but small. Apart from mere abstract questions of finance the discussion of this subject is of importance in that it throws some light on the intentions of the framers of the tariff. The ethico-economic views shown in this attempted control of luxury result from the paternalistic conceptions which are associated with the theory of protection.

Another part of the internal evidence is to be found in the free list and Schedule F. The free list states that iron, when in partial manufacture, is admitted free, the intention being to benefit Canadian iron manufacturers. A still more important clause in the free list is "colors, when imported for the use of wall paper manufacturers—ultramarine, umber, blue-black, Paris green, sugar of lead, etc.," shall be admitted free. There is here evident a desire to benefit the home manufacturer by means of the free list. The provision made for reciprocity with the United States is in itself an evidence of protective intent, for such *quid pro quo* transactions are as a rule protective.

* 5 per cent. and 15c. per pound.

†\$1.20 per gallon.

‡By the imposition of duties on breadstuffs and coal.

§Bastable's Public Finance, pp. 440 and 443.

Now with regard to the external evidence, this is to be found in the speeches of the finance ministers of the period 1867-74,* who, when more protection was demanded, or when the Government did not see fit to remit duties, defended the position taken on the ground that the tariff in vogue had protection in its nature, that in short it was a *national policy*.

Discrimination between "protection" and "incidental protection" is at best a vain one, for all do not see eye to eye on this question, there being no fixed standards by which the lines of demarcation may be determined. Sufficient, however, has been adduced, both of internal and external evidence, to show that somewhat of protection was present in this tariff. True, it was not protection in as high degree as afterwards appeared, but none the less was it protection. One cannot well leave out of consideration the free list and claim that because the duties are not on the face of them highly protective, therefore the tariff is not protective. As it affects a particular industry the effects are, in the main, somewhat similar whether a tax is imposed to benefit a growing industry or whether a tax is remitted to enhance its development;† if articles used in further manufacture are placed on the free list the home manufacturer receives an advantage.

It was found necessary to insert in the British North America Act several sections dealing with the question of customs duties. It is provided‡ that the customs duties of the "different provinces shall remain in force until altered by the Parliament of Canada." It may readily be understood that this was simply a temporary expedient intended to tide over the intervening time until the Dominion Parliament should meet. When Parliament met representations were made by the Committee of Ways and Means which were incorporated in the Tariff Act of the year.§ The section which has specially to do with this matter is section 19—"So much of any Act of the Legislature of the late Province of Canada or of either of the Provinces of Nova Scotia or New Brunswick as imposes any duty of customs or makes any provision in any matter provided for by this Act or is inconsistent with this Act is hereby repealed." Thus was a general tariff applied to Canada.

Although the Dominion Parliament had thus legislated and had put in force a general tariff it might, at first glance, seem that it had tacitly abnegated some of its sovereign power to levy customs dues, for we find|| that the right of New Brunswick to levy export duties on logs is still preserved. This would appear a serious violation of the section of the Customs Act already quoted. The provision contained in the B. N. A. owes its presence to peculiar circumstances. The export tax, so-called, on logs was really analagous to cullers' dues; it had been imposed in the form of an export tax because of the difficulty experienced in collecting it in the form of stumpage duties.** The tax†† on logs continued in force until 1871. When the Washington Treaty was signed, in that year, it was found that the continuance of the duties would run counter to the treaty obligations

*See more especially *Hansard* for 1871.

†Of course, the disturbing effects of the imposition of a new tax will have to be remembered in limitation of this.

‡Article 122, B.N.A.

§31 Vict., Cap. 7.

||B.N.A., Article 124.

***Vide* Gray's History of Confederation, vol. I., p. 65.

††This export duty on logs is provided for in Chapter 15, Title 3, R. S. of N. B.

incurred, and the export duty was thus repealed and an Act* was passed providing for compensation to New Brunswick.

The Customs Act which had been passed in 1866 was adopted in 1867 by the first Parliament of the Dominion. Two Acts were passed on the subject: the first† defining in greater degree the dutiable forms of spirits; the second‡ imposing the new tariff. Section 19, already quoted, imposed, subject to Article 124 of the B.N.A., a general tariff upon the Dominion. One or two minor changes are made in this Act as compared with that of 1866. The Tariff Act of 1866 imposed a compound duty of 7c. and 15 per cent. on tea. There is a differentiation, for on black tea there is imposed a duty of 3c. and 15 per cent., while on green tea there is a rate of 7c. and 15 per cent. On tobacco§ there is a tax of 15c. and 5 per cent. In the case of the compound duties imposed under this Act there are undoubtedly two elements present, 1st, the desire to prevent under-valuation, 2nd, the desire to obtain revenue, the latter being probably the more important. The policy of imposing such a heavy tax on tea, an article which, although ostensibly a luxury, is almost a necessity to the poorer classes, is open to question—especially when the rates on liquors were low. The clause of the British North America Act which reserved to New Brunswick the right to impose “export” duties on logs gave rise to a similar claim on the part of Ontario and Quebec; and thus we find that in the recommendation from the Committee of Ways and Means a provision was made for a duty on logs, etc., when exported from Ontario and Quebec.¶ The same relative justification for the imposition of such duties did not exist, in this case, as in the case of New Brunswick, and so with the leave of the House the motion was dropped.

The changes of 1868 had to do with details. The specific list was altered in a few particulars—animals were added, while ales, beer and wine were moved to the compound list. The free list was also extended by a further enumeration of iron. Provision had been made by a prior Act** for an export duty on lumber, i.e., as regards the Dominion; in this year the provision was enforced. The rates chosen varied from \$1 in the case of pine to \$2 per thousand in the case of oak logs.

In the previous session a tax of 10 per cent. on breadstuffs had been imposed; this was found to work in a way detrimental to the interest of the Maritime Provinces and it was removed.††

By this time the Canadian tariff had been sufficiently long in operation to afford some statistics with regard to the pressure of customs duties. A comparison of the trade and navigation returns for the year 1868 with the returns contained in the sessional papers of later years, gives the following results. The duty on the total imports, both dutiable and free is 12 per cent.; on the dutiable goods alone the average rate is 20.22 per cent. In order to estimate the pressure of taxation, both specific and *ad valorem*, some details may be given. On molasses the rate of taxation was, on the average, 46.94 per cent.; on sugar of all kinds, on the average, 43.18 per cent.; on flour and meal, 8.53 per cent., and on iron, 15.01 per cent. From this it may be seen that the average rate of duty on breadstuffs was low.

The year 1869 was not distinguished by tariff changes. In the year 1870 advantage was taken of the power given in 1869, §§ to impose drawbacks.‡ The

*36 Vict., Cap. 4.

†31 Vict., Cap. 7.

‡The proposed rates were:

Pine logs..... \$1 00 per M.
Other logs..... 50 “

Railway ties.....

†31 Vict., Cap. 6.

§Cigars excepted.

Shingles and stave bolts. \$1 20 per cord.

Hop poles..... 60 per 100.

..... 3c. each.

†† Vide *Toronto Leader*, of April 30th, 1868.

**31 Vict., Cap. 44.

§§31 Vict., Cap. 44, sec. 10.

power thus conferred was made use of in an endeavor to increase the number of ships built for export; in particular a drawback was allowed on iron used in the manufacture of composite ships for export.* This, in the earlier years of its working, was the main use made of this provision. Judged from the theoretic standpoint, drawbacks may be characterized as a "harking back" to mercantilism.† Their relative justification, so far as a particular nation is concerned, depends upon the estimation in which the export trade is held by that nation. Under protection the export trade is made much of.

The legislation on tariff questions, in 1870, bears marks of tentativeness and hesitancy—a tentativeness and hesitancy which is characteristic of the succeeding year. The Act placing animals on the specific list in 1868, is now repealed, and animals are again placed on the *ad valorem* list. In this year, as in 1871,‡ judging from the evidence of *Hansard* and the journals, the Government, instead of leading, was driven.§

The necessity for increased revenues brought about some tariff changes. The duty on spirits was increased from 70 to 88 cents per gallon. An increase was also made in the case of the duties on wheat, breadstuffs and coal. In these latter duties the desire for revenue is not the most important cause; the motive cause was more probably the idea that by this means greater pressure could be brought to bear on the United States Government, so that more favorable terms could be obtained in the Washington treaty.

These modifications which have been spoken of had to do with internal changes in the Act; section 11 of the Customs Act of this year|| may be said to have effected an external change. This section provides for an increase of $\frac{3}{4}$ per cent. on all the dutiable goods; that is, the duty leviable on an article was to be increased by the addition thereto of 5 per cent. of the amount of duty previously imposed on said article. It might be held that this addition to the duties imposed by the general tariff is sufficient to constitute this year a new tariff epoch; but as the increase of duty amounted to only $\frac{3}{4}$ per cent.—the duties now standing on goods N. O. P. at 15 $\frac{3}{4}$ per cent.—it is well to consider it as an integral portion of the 15 per cent. tariff; the more so as the increase was of short duration. It was expected that, from the minor changes in the tariff and the $\frac{3}{4}$ per cent. increase, there would result an increase in the revenue of \$575,000.

The retaliatory duties which had been imposed by the Government upon coal and breadstuffs were not welcome to the general community; neither was the $\frac{3}{4}$ per cent. addition. The Board of Trade of Montreal, as well as other representatives of local interests, petitioned against these increases. The feeling which had been shown in the session of 1870, did not lessen in the session of 1871. All through the session petitions and questions were directed at the Government; the gist of the general demand was that the obnoxious duties, of the previous session, should be either reduced or repealed. To cite but one of the many petitions which were presented, it may be noted that on March 22nd, Hon. Mr. Workman presented a petition from the Montreal Corn Exchange against the grain and flour duties, setting forth "the propriety of throwing off the duties on the necessities of life in order to render this country a cheaper one to live in."** The cross-firing on this question took up much of the session. During this discussion an expression was employed which is important in the later tariff history of Canada. Against the pro-

* 33 Vict., Cap. 9, sec. 13.

† *Vide* article on Drawbacks in Palgrave's Dictionary of Political Economy. Vol. I.

‡ With reference to the duties on coal and breadstuffs.

§ The debates and journals of the years 1870-1 are somewhat unsatisfactory; it is almost impossible to discover in them any well-defined principle of procedure with reference to the tariff.

|| 33 Vict., Cap. 19.

** *Commons' Journals and Debates*, 1871.

posal to remit the duties it was objected by the Finance Minister, Sir Francis Hincks, that the action of the Government in imposing these duties, was in accordance with the "*National Policy*."

But although the Government took this position, it was forced at length by the popular demand to remove the grain and flour duties together with the general increase in the tariff rate;* by this means a reduction of \$1,500,000 in duties was effected. This remission of duties is spoken of by some as marking the beginning of the "new tariff," but the contention is open to objection.

Two other provisions in the Customs Act of this year† are worthy of note, in that they established precedents, which have been more or less followed ever since. Section 4 provides that upon the authorization of the Governor in Council "machinery, the like of which is not manufactured in Canada" may be admitted free. Section 3 provides that the Governor in Council may from time to time transfer to the free list, articles used in course of Canadian manufactures. The discretionary power of the Governor in Council, manifested in these sections instead of diminishing increases; the tariff Act of 1894 expressly states that the power exists unchanged and unimpaired.

In the year 1872 the changes made had to do with the duties on tea and coffee. It was not so much the advisability of lightening the pressure of taxation, that influenced the Government, as the fact that it was forced into such a line of action by the tariff legislation of the United States. It may seem disingenuous to take such a view of the Government's action, but the words of Sir Francis Hincks hardly admit of any other construction being placed upon them.‡ He said in substance on May 21st, 1872 "that it was expedient that all the duties of customs whether *ad valorem* or specific now payable on tea and coffee should be repealed on and after July 1st next. . . . This was caused by the revision of the American tariff; it would be impossible for the Government to guard against American tea on the frontier." This reduction was accepted and embodied in statutory form.§

In this session the Canadian tariff was extended to British Columbia;|| this was an evidence of the national growth and showed how the national power was being extended, for the tariff of the Dominion is but emblematic of the power of the Dominion. The year 1873 witnessed a further extension of the territory over which the national tariff had force, for in this year it was provided that on and after the 17th of May, 1873, there should be the same customs duties for Manitoba as for the rest of the Dominion.**

The year 1873 is the end of this period. In this the last year of the operation of the old tariff the duties remained at their normal level. Some changes were made in the duties on ale, sugar and tobacco. These changes indicate a further taking into favor of the principle of compound duties. The policy with reference to the iron industry remains unchanged, the same encouragement being extended as heretofore; *i. e.* the iron goods on the free list are in a less advanced state of manufacture than those on the five per cent. list.

During this whole period the duty on goods N. E. S. was 15 per cent.†† But in order to appreciate the pressure of duties on all dutiable goods, whether under specific or *ad valorem* rates, the returns of the Department of Customs must be referred to.‡‡ During the years 1868-74, a period of seven years inclusive, the average rate of duty on all *dutiable* goods was 19.50 per cent.

* 34 Vict., Cap. 10.

† *Ibid.*

‡ *Vide Hansard and Journals of House of Commons for 1872.*

§ 35 Vict., Cap. 11. This effected a reduction in duties of \$1,209,166.00.

|| 35 Vict., Cap. 37.

** 36 Vict., Cap. 39.

†† The $\frac{3}{4}$ per cent. increase was but temporary.

‡‡ Sessional Papers, 1893, Table I.

III.

THE 17½ PER CENT TARIFF, 1874-78.

TARIFF "FOR REVENUE ONLY."

The results of the stormy politics of 1873 were the substitution of a Liberal administration for a Conservative one; and the beginning of a new epoch of tariff policy.

The period 1874-78 was one of difficulty in financial circles. The world-wide depression had its influence in Canada. So closely bound together are the nations that constitute the "Republic of Commerce," that the panic and depression which affect one section of the world, affect also all other parts of the commercial community. Such conditions as these made the task of the Finance Minister a difficult one. Whatever the ability of a financier may be, the effects of a long-continued depression, which reduces the volume of trade and so lessens the means for the raising of revenue, must of necessity, give rise to conditions, the control of which is, in great degree, beyond his power.

The policy now adopted was avowedly one "for revenue only." The new administration had paid much attention to the free trade arguments of Cobden and Bright, and had before its eyes as a conscious ideal the example of England. *Doctrinaire* adherence to a policy which should issue in free trade coupled with the depression that prevailed did much to bring about the subsequent downfall of the Ministry; for, at the time when the Government was devoted to free trade, there was also a popular demand for protection.

The general rate of duty was fixed at 17½ per cent.; this was an advance of 2½ per cent. on the general rate of the former tariff. But it was not so much the increase as the purpose underlying it that agitated the popular mind. On the whole, during this period there was a slight increase in taxation. In the period 1868-74 the average rate imposed had been 19.50 per cent.; under the tariff of 1874-78 the average rate of duty was 20.456 per cent. Thus it can be seen that the pressure of taxation was but slightly increased; the way in which it was increased and the principle that actuated such increase is to be found in the tariff itself.

The Tariff Act of 1874* was passed in amendment of the Tariff Acts previously in force. The tax divisions of the old tariff were in the main retained. The 15 per cent. list was changed to 17½ per cent.† and a 20 per cent. list was also added. The 17½ per cent. list was intended to contain the articles with which the home manufactures came into competition—to this extent there was incidental protection.

Before dealing in fuller detail with the items of the tariff, it may be well to show from the statistical returns for the year, the relative importance of the different rates of duty and also the prior importance of the 17½ per cent. duty. The total amount of duty obtained in this year is divided as follows:

Total specific duty	\$2,636,944	67
" compound duty.....	2,328,663	38
" 25 per cent. duty	282,676	56
" 17½ "	9,519,668	61
" 10 "	283,242	95
" 5 "	292,834	28

*37 Vict., Cap. 6.

†In this connection it is worthy of remark that the recommendation from the Committee of Ways and Means—*vide* Journals of House—reads: "All goods N. O. P. . . . shall be charged with 16½ per cent.," while section 4 of the Customs Act reads, "All goods N. E. S. shall be liable to 17½ per cent."

The list of goods paying specific duties is about the same as that of the year 1873. One of the chief additions to the specific list is in the case of teas and coffees. On these the following specific duties are imposed: Tea, green or Japan, .04c.; tea, black, .03c.; coffee, green, .02c.; coffee, roasted, .03c. The necessity of raising more revenue brought about this change; it was strenuously opposed in committee. The constant tendency of the duties on tobaccos and spirits to increase is manifest here. Cigars are now taxed 70c. per pound; spirits enumerated are taxed \$1.00 per gallon, an increase of 12c., while on unenumerated spirits there is an increase of 30c. per gallon. There is no very perceptible tendency to increase the number of goods paying compound duties. The duty on tobacco and snuff, which had hitherto been 15c. and 5 per cent., was now increased to 12½ per cent. and 25c., while the duty on sugar was fixed at 25 per cent. and 1½c. This latter item is an addition to the compound list.

To come now to the *ad valorem* list, in addition to the 25 per cent. list, there appears a 20 per cent. list which may be considered a complementary "luxury tax." The goods taxed under this new list are silks, satins, velvets, gold, silver or plated ware and fancy goods. To the 10 per cent. list are added locomotive engines and their parts, and machinery for mills and factories, which is not manufactured in Canada. This list also includes cattle, green fruit, seeds and vegetables. The protection formerly extended, by means of the free list, to partially manufactured forms of iron is now taken away and a 5 per cent. tax is imposed.

In the tenth section of the Act,* however, there appears a departure from the purely "Revenue Tariff" standpoint. The provision in question, viz.: "That the Governor in Council may admit free of duty, until 1875, machinery to be used in Canadian manufacture the like of which is not made in Canada," is undoubtedly, on the face of it, a concession to protection. This provision had first been enacted in 1871, and had since then continued in force. To appreciate its bearing, in the present Act, it must be read in connection with the 10 per cent. list, which provides for the imposition of a 10 per cent. duty on "machinery for mills and factories, the like of which is not manufactured in Canada." These sections being read together, it is apparent that the obvious intention was to afford the manufacturer an opportunity of accommodating himself to the altered conditions. The privilege had been in existence for some years, and hence the manufacturer had become habituated to such exemption from duty. The change in the tariff, in this particular, had to be gradual, otherwise it would tend to produce a dislocation of industry.

In the year 1875† the chief change, in the way of the remission of duty, is the repealing of the export duty on stove bolts and oak logs.

The year 1876 witnessed an increase in the expressed desire for protection. The discussion of this tendency towards protectionism, as manifested in the popular mind and in the expressions of the Parliamentary representatives, comes up more fittingly in connection with the tariff of 1879. Suffice it to say that during the years 1876-8 the debates in Parliament on the relative merits of Protection and Free Trade as policies for Canada, were more and more numerous.

The administration was much exercised over the continued depression; and a committee was appointed to investigate the causes of the depression. Interesting as the depression is, from the standpoint of general financial history, it is still more interesting in the bearing that it had on the more specialized question of Canadian Tariff History. Under the tariff of 1874 more than half the revenue was raised from the 17½ per cent. list. The effects of the continued depression were seen in a reduction of the volume of trade. In the 17½ per cent. list alone there was, in the six months ending December, 1875, a decrease in the importa-

*37 Vict., Cap. 6.

†38 Vict., Cap. 35.

tions of \$10,700,000.00; as a result of this there was in this period a decrease of \$1,860,000.00 in the revenue obtained from the seventeen and a half per cents. Such a condition of trade, accounts, in great degree, for the deficit of the succeeding year.

Such being the condition of the revenue, some measure of amendment was urgently needed. Accordingly, in 1877, an Act was passed amending the customs duties.* Although it was found necessary to increase the revenue, the Government was evidently actuated by a conscientious desire to keep the burden of taxation from being unduly great. Thus we find that the petroleum duty, which had been 15c. per gallon, was reduced to 6c. per gallon. The evident intention being to lessen the pressure of taxation on what was now a necessity. This benefit was, however, minimized by an increase of two cents per pound in the tax on tea. This was intended to counterbalance the diminution in revenue from coal oil. The advisability of taxing so heavily another necessity is at best questionable. The tax on malt was increased to 2½ cents per pound. This would mean an increased tax of about 3 cents per gallon on beer.† The general taxes on spirits were not raised, and it might be suggested that, comparing the comparatively low level at which the spirit tax stood, viz., \$1.00 per gallon on enumerated and \$1.50 on unenumerated, with the rate at which spirits are now taxed, some increase in the spirit duties might have been attempted. In this way the necessity of increasing the tax on tea might have been avoided either in whole or in part.

As far as changes towards compound duties are concerned, there are but two, and one of these counterbalances the other. Cigars, which had hitherto been taxed at 70c. per pound, had now imposed on them a compound duty of 50c. and 25 per cent., while on imported ale, beer and porter the tax was made specific instead of compound.‡

Some additions were made to the 10 per cent. list and the 17½ per cent. list. To the latter were added cotton, silk and linen thread; these had been on the 10 per cent. list. Tubes and piping were taken from the free list and added to the 10 per cent. list.

The duties, thus increased, were intended to increase the revenue by \$500,000.00. Although these amendments gave an increase, they by no means solved the difficulty. The deficit for the year preceding was \$1,901,000.00; it can readily be seen that, if the deficit were to be averted, and the evil effects of the depression overcome by tariff changes, then the amendments of this session were not sufficiently drastic.

The effects of the financial depression were still felt§ for the normal customs revenue had decreased by \$3,000,000.00. The imports had decreased one-third in value. The reduction of imports, *per capita*, was from \$35.25 to \$25.50. Although the revenue was in this state yet there were some signs of bettering conditions, for, in the seven months ending February 10th, 1878, the revenue amounted to \$13,434,235.00 as contrasted with \$12,494,779.00 in the corresponding period of the preceding year, an increase of about a million.

However, although the effects of the depression were thus becoming mitigated, and although there is some reason to believe that under bettering conditions deficit legislation might not have been such an ever present spectre, the electorate determined in favor of a protective policy. The consequence of this was that, in 1878, the revenue tariff was doomed. The conditions which heralded in this change in public opinion are of sufficient importance to warrant their being dealt with at some length in a separate section.

*40 Vict., Cap. 11.

†This tax now stood: 10c. per gallon in bottles, etc.; 12c. per gallon in larger quantities.

§Vide Budget speech of 1878.

IV.

THE STEPS LEADING UP TO THE NATIONAL POLICY.

The tariff change in the year 1879 is one of especial interest in that it is a quite popular adoption by the Dominion of Canada of the policy of protection; and then Canada has continued under the same policy.

Before discussing the policy itself, it will be well to look somewhat at the story of the origin and growth of the protectionist movement in Canada—a movement which culminated in the policy adopted in 1879. In order to trace this development it will be necessary to quote somewhat copiously from the debates of the House of Commons, and the newspaper files of the time. The petitions which were sent in during this period were many, and the ends aimed at were diverse.

Beginning with the year 1870 we find expressions with reference to protection. Hon. Mr. Currier* presented a petition from the Ottawa Board of Trade praying "that a duty be imposed on coal, salt and petroleum, and on all manufactures imported from the United States, and that a duty be imposed on all articles imported into Canada from the United States, the same as similar articles were charged there." The object aimed at in this petition was a composite one; it aimed at both protection and retaliation. Mr. J. Cameron¹ presented a number of petitions from the farmers of Huron and Essex praying for protection to Canadian production and manufactures. Mr. T. A. Innes² asked for increased protection for Canadian tobacco—this to be attained by means of the imposition of a higher rate of duty. A petition was received³ from the Montreal Board of Trade the purport of which was directly counter to that of the petition of the Ottawa Board of Trade. Mr. Innes⁴ presented a number of petitions for protection of Canadian products.

In the session of 1871 petitions on the subject of protection were received—these were all in favor of the remission of the protective duties on breadstuffs and coal. Sir Francis Hincks opposed such remission, claiming, in the course of his argument, that the duties were necessary to a "National Policy." The use of the term "National Policy" on this occasion is perhaps the first appearance of this term. It shows that, even at this time, a more purely protective policy was commencing to meet with favor on the part of administrators.

In the session of 1872 the petitions for protection were continued. Petitions were received⁵ from S. David and others applying for more protection in connection with the cigar industry. The member for Leeds and Grenville, during this session, moved that a committee "be appointed in order to consider the advisability of protecting the farmer, chiefly by a protective tariff on agricultural products coming in from the United States." Later on⁶ a petition was received from the Council of Agriculture of Quebec, asking for "a readjustment of the tariff so as to encourage the cultivation of sugar, beet root, tobacco and other useful plants . . . and also that a duty be imposed on foreign agricultural products."

*On February 28th.

1. On February 28th, 1870.

3. On March 11th.

5. On April 24th, 1872.

2. *Ibid.*

4. On March 30th.

6. On March 31st, 1873.

The financial depression which existed during the Mackenzie regime intensified the interest in protection, and it is during this period that we first definitively accepted as a party policy. In 1876 when Hon. Mr. Cartwright moved that the House go into Committee of Supply, Hon. Mr. Workman* moved an amendment "that the House deeply regrets to learn that the Government has not proposed a policy of protection . . . and that the large amount of capital now invested in industries, and their present depressed condition render a policy necessary to restore them to a condition of prosperity." Sir John Macdonald also moved, during this session, an amendment on the same line as that of Mr. Workman, but both amendments were defeated. In this year the committee, which had been appointed by the manufacturers to see to the cultivation of their interests, reported that they were in favor of the existing 17½ per cent. tariff being replaced by a 20½ per cent. one.

During the session of 1877 discussions, with protection for a text, numerous. Sir John A. Macdonald moved† "that the tariff should be adjusted so as to benefit the agricultural, mining and manufacturing interests of the Dominion." Mr. Wood also proposed that the general tariff rate be raised 1 per cent. Both propositions were rejected.

In the year 1878 expressions in favor of protection were many, both in the House and outside. The Liberal Conservative Association of Ontario, meeting in Toronto, resolved‡:

1. We are satisfied that the welfare of Canada requires the adoption of a national financial policy which by a judicious readjustment of the tariff will benefit and foster the agricultural, mining and manufacturing interests of the Dominion.

2. That no such readjustment will be satisfactory to the interests affected or to the country, if adopted as a provisional means only to meet a temporary emergency, or to supply a temporary deficit, nor unless it is made and carried out as a National Policy.

3. That until reciprocity is established with our neighbors, Canada should move in the direction of a reciprocity of tariffs so far as the varied interests demand.

In the House the matter was also dealt with. Sir John A. Macdonald moved§ in amendment to the motion of the Finance Minister to go into Committee, "That . . . this House is of opinion that the welfare of Canada requires the adoption of a National Policy which by a judicious readjustment of the tariff will benefit and foster the agriculture, the mining and other interests of the Dominion . . . and moving (as it ought to do) in the direction of a reciprocity of tariff with our neighbors as far as the varied interests of Canada may demand, will greatly tend to procure for this country eventually a reciprocity of trade." This amendment was defeated. Various other recommendations were made, *e.g.*, in favor of a protective duty on flour and wheat, in favor of a duty of 75 cents per ton on imported coal, but the voice of the House was against protection. Then came the general election, the way in which the popular mind pronounced its matter of history.

*A few years earlier the same gentleman had presented a petition praying for the remission of duties on coal and breadstuffs; his change of opinion now is but an expression of what was taking place in the nation.

†On March 2nd.

‡On January 15th, 1878. *Vide Canadian Annual Register, 1879.*

§On the 7th of March. *Vide Hansard.*

The foregoing indicates briefly how the current of opinion set towards protection during the years 1870-8, both in the proceedings of the House and in popular opinion throughout the country. These facts may now be placed in more systematized form. To sum up:

1. The desire for protection was general and popular.
2. The manufacturing interests and the farmers were desirous of protection.*
3. Protection had, as one main end, in the first place, the obtaining of reciprocity.
4. The Conservative party had a policy at hand, ready made; for both the name, "National Policy," and the rate, 20 per cent., of duties had taken hold both of the House and of the country.

V.

THE 20 PER CENT. TARIFF, UNDER THE NATIONAL POLICY.†

The adoption of the National Policy marks the beginning of one of the most important epochs in Canadian tariff history. The protectionist leanings, evidenced in earlier tariffs, had not been so pronounced; although the tariff of 1867-74, had been protectionist in sympathies, yet the duties had been kept at a comparatively low level owing to the known opposition of the Maritime Provinces to high rates. To have imposed a fully protective policy at the time, would have necessitated increased rates of duty, but, as the financiers of the time had the fear of the Maritime Provinces before their eyes, nothing of the kind was then attempted.

To attempt to trace changes in tariff policy to single concrete influences, is a hazardous experiment. It is probable, however, that the highly protectionist tariff of the United States had some influence in moulding popular opinion. It would be venturing further into the field of conjecture to assume that the "National Spirit" inculcated by List, had influence in connection with the National Policy. It is certain that the views of List had this in common with the principles of the National Policy, that much stress was laid upon the importance of the development of home manufacturers and the building up of the National idea.

Various reasons co-operated to give the National Policy a great vogue at the time. The policy of the Mackenzie administration had been eminently cautious, to some it seemed cautious to the verge of timidity. The difficulties in financial circles rendered the task of the administration especially hard, and the people became weary of the seeming lack of success of the "Revenue Tariff" policy. They wished for better times, they blamed the Government for not bringing them about. Then there is also in a new country a desire for quick development and rapid expansion, but the Government did not seem to be in sympathy with these aspirations. There was growing up in Canada a new national spirit; the spirit of independence, which prompted Sir A. T. Galt, in 1858, to state that

*In earlier years it had been claimed that the Canadian farmer did not need protection. *Vide* the government organ, the *Toronto Leader* for May 2nd, 1868.

†In the note in the Appendix on "Protection *versus* Free Trade" there will be found an outline discussion, in the course of which some general propositions are considered in the light of Canadian experience.

Canada had a right to regulate the tariff in her own interests, was also present in an eminent degree in the tariff discussions of 1878-9. Then also, wider national sympathies were at work; the national territories had been extended; the great Northwest had been added; and the people desired a policy which would rapidly develop all the varied interests of the Dominion. The National Policy was the crystallization of the national idea. Perhaps the people placed too much reliance upon legislative enactment, but the belief in such panaceas is widespread.

By the Customs Act of 1879* the new tariff was put in force, and all previous Acts running counter to the provisions of this Act were repealed. Much interest had been taken in the proposed changes, and consequently, when Sir Leonard Tilley made his Budget speech, in which the detailed changes were stated, the public interest was excited. The policy of the Government was, in general terms, stated by the Finance Minister to be "To select for a higher rate of duty those articles which are manufactured or can be manufactured in the country, and to have those that are neither made nor are likely to be made in the country at a lower rate." This is a frank statement of the policy of protection.

The Finance Minister stated that there had been a deficit of \$500,000.00 in the previous year. It was necessary to receive an increased revenue of \$2,000,000.00, "and in arranging for the levying of the additional duties, he would ask the House to consider how it might be imposed so as to give protection to home industries."

In the duties there is a general increase. The somewhat elaborate scheduling arrangements which had hitherto been in vogue are departed from and a more simple system adopted. The system of arranging goods under certain headings, e.g., 25 per cent., 17½ per cent., 10 per cent., etc., is now given up and many differing standards are chosen. The tendency towards compound duties is now more marked. Under the "Revenue Tariff" the duty on goods N. O. P., had been 17½ per cent.; under the new tariff it was fixed at 20 per cent. However, the real weight of customs taxation is not evident from this alone; the total duty, specific, compound and *ad valorem*, must be looked at in order to show what the real pressure was. It will be found more practicable to take, at a later time, the duty for the first five years of the new tariff's history and compare it with the rates of duty under the old tariff; in this way the change in the rates may be more readily appreciated.

Specific duties, which had been but sparingly used in the old tariff, are now employed in greater degree.

To cite the tariff changes in detail would demand too much space. It will be sufficient to choose some items; in this way the general spirit, which actuated the tariff, may be as well gathered as if more copious citation were indulged in. On two hundred and forty-five dutiable articles the average *ad valorem* duty was 22.26 per cent.; in addition to this there is, on some of these articles, a specific duty. On agricultural implements the duty was now fixed at 25 per cent. On breadstuffs protective duties were imposed. In 1878 the breadstuff duties had been imposed in order to obtain better terms from the Americans; now the duties were imposed in order to protect the Canadian farmer; these duties on the main breadstuffs are as follows:

Barley, 15 cents per bushel; buckwheat, 10 cents per bushel; Indian corn, 7½ cents per bushel; oats, 10 cents per bushel; rice, 1 cent per pound; rye, 10 cents per bushel; wheat, 15 cents per bushel; peas, 10 cents per bushel; beans, 15 cents per bushel; buckwheat flour, ¼ cent per pound; cornmeal, 40 cents per barrel; oatmeal, ½ cent per pound; rice and sago flour, 2 cents per pound.

*42 Vict. Cap. 15.

On oatmeal, rice and sago the duties were comparatively high; the duty on oatmeal was equal to about 20.63 per cent., while that on rice and sago flour is nearly 50 per cent. Under the former prices of wheat the duty rate in 1879 would be about 15 per cent.

On coal, both bituminous and anthracite, a duty of 50 cents per ton was imposed. On cottons, when unmade, there was a compound duty of 3 cents and 15 per cent.; when made up there was an *ad valorem* duty which amounted, on the average, to 17.91 per cent. With reference to the iron industry, although the rates are somewhat higher than formerly, it cannot be said that the duty was strongly protective. So far as avowed intention of fostering the iron industry by means of protective duties is concerned, the adoption of protection dates from 1887. Under the tariff of 1879 there are some thirty-six articles of iron enumerated in the taxing schedule. On some of these the duties are specific, on some compound, but taken as a whole there is an average duty of 16.17 per cent., a slight increase as compared with the former rate of duty. Of sugar and molasses there are some twelve enumerations, seven of the forms so enumerated bear a compound duty. The average *ad valorem* duty imposed is 26.25 per cent. In the case of wool and woollen manufacturers the compound duty is favored. However, when the articles are imported to aid in further manufacture, there are only *ad valorem* duties imposed. The average duty on woollens was about 18.57 per cent. At the time an objection was made to the new taxes on woollens; it was claimed that the pressure of taxation on the poorer qualities of woollens, used by the poorer classes, would be about 30 per cent. The highest *ad valorem* duty present is in the case of patent medicines, which are taxed 50 per cent.

Tobaccos are charged with a compound duty. The duties on spirits are for the most part specific; although in the case of wines and cologne a compound duty is imposed. In the case of cologne the *ad valorem* rate is 40 per cent. The free list contains some 226 articles. There is an evident intention, in the use made of it, to further the development of Canadian manufactures. Thus the increased rates of duty and the free list are complementary elements in the protective policy. The power of the Governor-in-Council to transfer dutiable goods to the free list is still recognized.

The policy of allowing drawbacks which had been sanctioned in earlier Acts,¹ again received Parliamentary sanction; for, in this year, it was proposed that a drawback, on the duties paid upon all articles entering into the manufacture of exported Canadian goods, should be allowed. In order to foster the shipbuilding industry, a drawback was also to be allowed in the duty paid on all articles entering into the construction of vessels for export.

The principle of imposing retaliatory duties on teas and coffees imported from the United States was still retained; for in this session a duty of 10 per cent. was imposed on teas so imported.

One statement in the Budget Speech is significant, and that is with reference to the intentions of the Government towards the United States. One leading argument in favor of the National Policy had been that it would place Canada in a position of advantage with reference to the United States, so that thereby reciprocal trade privileges might be obtained. The Tariff Act of this year provided that, with reference to the natural products of both countries² if the United States repealed their duties, in whole or in part, the Canadian Government was prepared to meet them with equal concessions. Although the Government thus made a statutory offer of reciprocity, it had tired of the pacific attempts which had been used in the past. It is therefore of importance

1. 32 Vict. Cap. 4, Sec. 10.

2. Including lumber.

to note that the Finance Minister said that with reference to the United States, "the Government intended to impose duties on a great many articles imported from there which had been left on the free list since 1875 in the vain hope of inducing our neighbors to renew the Reciprocity Treaty." This intention is seen in the fact that the average duty on American goods under this tariff was 25 per cent.

The theory of the balance of trade was employed to justify, on economic grounds, the National Policy. Sir Leonard Tilley seemed ever to have present with him as one of his financial maxims the idea that an adverse balance of trade should be overcome. He seemed to believe that a favorable balance of trade was the end of all tariff legislation. In his Budget Speech in 1879, he stated his conviction "that the large balance of trade against us ever since Confederation was one of the main causes of our difficulties." In 1885, in making a comparison between the excess of imports over exports during the period, 1874-79, as contrasted with the excess in the period 1879-84, he pointed out that during the former period the excess had been \$105,111,076.00, while during the latter period it had been only \$82,059,368.00; he then said "as to the balance of trade I give the figures to show that the N.P. had the practical effect of keeping the difference between the imports and exports in a much more favorable condition than than it would otherwise have been."¹ It is evident from this that he thought that one main advantage of the National Policy was that it tended to bring about a favorable balance of trade.²

The general effect of the amendments which were made in 1880³ was to increase the duty; for example, on eight articles, including demijohns, artificial feathers, billiard tables, organs, pianos, slates, trunks and watches, there is an average increase of 5½ per cent. In the case of pianos and organs a 15 per cent. *ad valorem* duty is imposed instead of a 10 per cent. duty as formerly; the specific duty imposed on these articles remained unchanged. In the case of porcelain china there is a reduction of 3 per cent. The duties are increased on certain medicinal articles, *e.g.*, liquorice and liquorice root.

In the specific duties a tendency towards increased rates is also to be noted. For example, the duty on green fruit is increased from 1c. to 2c.; on grindstones from \$1.50 to \$2 per ton; while on tobacco the duty is increased from 50c. to 60c. per pound, the *ad valorem* duty remaining at 20 per cent. The changes in the free list do not appear to be made on any fixed principle.

Two other increases in duty may be noted by themselves. The Act of this year provides for a duty on cans containing fish, under the Washington Treaty, of 1½ cents per quart can. The reason for this change is as follows: "It was intended to counteract the effect of American legislation by which the trade of the United States had an advantage over our people of 18 cents per dozen on all canned fish."⁴ Such action may have been demanded in the interests of self-protection; but the free entry of the contents of the can while the can itself was taxed may, with a show of reason, be considered as an observance of the letter but a violation of the spirit. The other noteworthy instance of an increase is in the case of coal. Coal, both bituminous and anthracite, which had been taxed 50 cents per ton under the Act of 1879, now had the duty increased to 60 cents per ton. This tax illustrates well the peculiar conflicts and complicating tendencies of local interests under a protective system, as well as the large amount of supervision which is necessary. The explanation given in the House with reference

1. See Budget Speech.

2. In the note in the appendix on "Protection *versus* Free Trade," there will be found a short discussion of the Balance of Trade Theory, more especially with reference to the result of the attempt to apply the theory in actual practice in Canada.

3. 43 Vict., Cap. 8.

4. Budget Speech for 1880.

to this tax was "that the increase of 10 cents per ton on coal, as compared with the 50 cents at which it had stood before, was imposed with the idea that this would carry Nova Scotia coal as far west as Hamilton; at 50 cents per ton it had gone as far west as Toronto."¹

In 1881 the Tariff was still further amended.² Some explanatory changes were made. The Free Trade List was extended by the inclusion, among other articles, of beans used in the manufacture of flavoring extracts, medicinal roots, and oak bark extract for use in tanning.

In Schedule A some changes are made. Breadstuffs when damaged in transit are now taxed 20 per cent. All the goods now added to Schedule A have an *ad valorem* duty upon them except checked wineys, which are taxed 2c. and 15 per cent. The tendency towards differentiation in enumerated goods is apparent in the provision that while wineys are charged with an *ad valorem* duty of 20 per cent., checked wineys pay a compound duty. Some eighteen articles chargeable with an *ad valorem* duty are included in the changes made. The duty varies from 5 per cent. in the case of paints, to 30 per cent. in the case of cartridges. The average *ad valorem* duty charged upon these eighteen articles is 21.94 per cent. The dutiable rate on spirits and strong waters varies from \$1.32 $\frac{1}{2}$ ³ to \$1.90⁴ per gallon. Sugars between No. 9 and No. 14 D.S.⁵ are charged 1c. and 35 per cent.; below No. 9 D.S. $\frac{1}{2}$ c. and 30 per cent.⁶

In 1882 the Opposition attacked the duties on coal and breadstuffs, endeavoring, without success, to have them repealed. The amount of duty obtained from this source during the preceding year was \$1,100,000.00. An Act⁷ in amendment to prior customs acts was also passed in this year. By the Act of the previous year the period during which steel rails, fish plates, etc., could be imported free of duty had been extended; by this Act the period was still further extended.⁸ In the enumerated articles of the tariff there were some eleven changes. In the case of six of these there was an average increase in the *ad valorem* rate of 5 per cent.; in one case there is a decrease.⁹ In specific duties there is a decrease in the rates charged on iron; iron, old and scrap, being now taxed \$1.00 instead of \$2.00 per ton as formerly. The duties on spirits are increased and at the same time made compound.¹⁰ The greatest increase in *ad valorem* rates is in the case of brass for printers' sticks, the duty being doubled.¹¹ In the case of cordovan leather where the duty is increased from 20 per cent. to 25 per cent., the intention is to extend increased protection to the manufacture of the finer grades of leather. On ship furnishings,¹² the following rates are imposed: on rigging 10 per cent., on machinery 25 per cent. It is to be remembered that a provision had been made for a drawback, in case these articles were imported to be used in the manufacture of ships intended for export. Some six formerly unenumerated articles are added to Schedule A; the average duty on five of these is 19.50 per cent. In the case

1. Budget Speech.

2. 44 Vict., Cap. 10.

3. In the case of gin, rum and whiskey.

4. In the case of essences, tinctures, etc.

5. Dutch Standard.

6. This is an increase as compared with the initial rate of the N.P.

7. 45 Vict. Cap. 6.

8. Until the end of the session of 1883.

9. Bookbinders' tools taxed 10 per cent. instead of 15 per cent. as formerly.

10. The rate now standing at \$1.90 and 20 per cent.

11. 30 per cent. substituted for 15 per cent.

12. From 1867-74 these had been on the free list.

of one of these articles, the precedent, of imposing a duty on cans containing free fish, is followed, for here there is a duty of 25 per cent. on bags containing free salt. The specific rates on fruit are increased. It was argued at the time that the fluctuating value of these articles rendered the specific duty preferable. It may be admitted that from the standpoint of the customs officer the specific duty was preferable, in that it facilitated his work; however, the very fact that these articles were subject to sudden fluctuations in value rendered it all the more probable that the specific duty would entail an inequitable pressure upon the importer.

In the free list some twenty-two changes are made. The main tendency manifested is towards rendering free, articles which are of use in connection with mining processes, *e.g.* quicksilver and chlorides. A very important addition to the free list is the item which includes coffee and tea. In the case of coffee, however, the statute only provides for the free admission of green coffee. On tea—black, green and Japan—the duties were remitted. Thus the custom of the later period of the 15 per cent. tariff, was again followed. The retaliatory duty on teas imported from the United States was still retained.

The year 1883 saw still further changes in the Tariff. The Customs Acts were amended and consolidated,¹ and the duties were later on still further amended.² Although the National Policy had as one of the most important of its component elements the protective feature, yet the revenue element was of much importance. Of course the Tariff was not carried to the logical extent demanded by extreme protection, had it been so, it would have been destructive of revenue. The endeavor to protect Canadian industry had been made in a somewhat hurried and unsystematic way; and this accounts for the fact that although a surplus of \$4,460,000 had been counted on, the total surplus really amounted to \$6,625,000.00. Thus, from the revenue standpoint, the Tariff had been even too successful. The fact that the estimates provided, in the first place, for so large a surplus as \$4,000,000.00 was evidence of unskilful financing; for close financing or even financing involving a small deficit is better for the country than a system which takes out of the pockets of the citizens a sum largely in excess of what is really needed.³ The fact that the real surplus exceeded the estimated surplus by about \$2,000,000.00 shows, in still stronger light, the crude financial legislation of the time. The Government was now confronted with the question what should be done with the surplus; unless they desired to commit themselves to the Prussian "war-chest" policy, the only means available was to remit taxation. Accordingly taxation was remitted to the extent of \$1,125,000.

In the amendments that were made it cannot be said that any well-defined principle is apparent. There is manifest a very slight tendency to increase the number of specifically dutiable articles. Playing cards which had been taxed 30 per cent. were now taxed 6c. per pack. In acids there is a slight increase of duty. A desire is evident to build up, in the country, the manufacture of railway cars, buggies, waggons, etc., for the duty on railway cars is now fixed at 30 per cent., while on buggies and waggons the rate is 35 per cent. In the case of manufactured tobacco and snuff there is a reduction of 5c. per pound, the duty now standing at 20c. and 12½ per cent. In the case of lubricating oils the tendency to differentiation, which is evidenced in the development of tariff legislation, is manifested. Hitherto all lubricating oils had been taxed 25 per cent.; now the following division is made: Oil costing over 30 cents per gallon 25 per cent.; oil costing under 30 cents per gallon 7 1-5 cents.

1. 46 Vict. Cap. 12.

2. 46 Vict. Cap. 13.

3. *Vide* Adams' Public Debts pp. 80-3.

In the dutiable list a number of changes are made; nineteen of these are *ad valorem*, and upon these there is an average duty of 21.44 per cent. On three items there is a specific duty imposed viz.: Jellies and jams 5c., vaseline 4c., and steel \$5 per ton. As far as the items added to the dutiable list are concerned there is shown a slight tendency to favor the principle of *ad valorem* duties. The articles added illustrate the tendency still further to search out forms of taxable commodity. The duty on agricultural implements which had hitherto stood at 25 per cent. was now increased to 35 per cent. The rates of duties on minerals and their manufactures were also increased: for example, on iron pumps the duties are fixed at 35 per cent., on files and rasps at 35 per cent. This evidences the increased interest taken in the iron industry. It had been provided by the acts of previous years that steel ingots, bars, sheets and rails should be admitted free of duty for a time; by the statute of this year this period was to end on July 1st, 1883. After this, steel, in the forms specified, is taxable with a duty of \$5 per ton.¹ In the free list there are some 25 additions; these include iron, and copper wire, and beams.

On the whole it may be said that the Act of this year had but little effect on the Tariff. There are some slight reductions, as for instance, in the tax on manufactured tobacco and snuff which stands at 20c. and 12½ per cent., as contrasted with 25c. and 12½ per cent., which was the former duty. But such slight decreases are more than counter-balanced by increases on other lines of goods. A slight tendency to favor *ad valorem* duties is manifested; but additions are also made to the list of goods paying specific duties, as well as to those paying compound duties.

In an earlier part of this essay the intention was stated of making a comparison between the respective rates of duty under the "Revenue Tariff," and under the "National Policy." For this purpose the total amount of duty—specific, compound and *ad valorem*—during the "Revenue Tariff" period as well as the total amount of duty during the first five years of the "National Policy" has been collated from the statistical papers.² Then the total amount of goods entered for home consumption, less the amount of free goods has been taken, and the percentage of duty calculated thereon with the following results:

REVENUE TARIFF PERIOD.

	Per cent.
During 1874 the rate of duty on all dutiable goods was on the average	19.32.
" 1875	19.53.
" 1876	21.30.
" 1877	20.63.
" 1878	21.60.
An average rate during this period of.....	20.456.

1879—1883.

	Per cent.
During 1879 the rate of duty on all dutiable goods was on the average	23.35.
" 1880	26.11.
" 1881	24.51.
" 1882	26.40.
" 1883	25.32.
An average rate during this period of.....	25.148.

1. Under the Act of 1879 it had been taxed at 10 per cent. *ad valorem*.

2. *Vide* Sessional Papers of 1893 and Statistical Year Book for 1892.

The difference is thus about 5 per cent. on the total. It is to be noticed that the full force of the National Policy did not commence to be felt until 1880. About that time the normal level of the duties during this period was reached. During the later periods of the operation of the tariff there has been an increase in the average rate and now that rate is nearer 30 per cent.

By the year 1884 the National Policy was well in hand, and its possibilities in the way of the production of revenue were better understood. Although it was working more smoothly amendments were still found necessary and accordingly an Act on the subject was passed in this year.¹

In the free list there are some twelve additions. These are mostly concerned with the iron industry. Although a specific duty of \$5 per ton had been, during the last session, imposed on steel, in this Act iron and steel beams, sheets, plates, angles and knees were placed upon the free list. However, it is only when they are to be used in the construction of composite ships that they are to be so treated.² The obvious intention of this is to give an impetus to the ship-building industry.

Thirty changes are made in the dutiable list. In the case of acetic acid the rate is doubled.³ Some changes are made in the cotton schedule: for instance, in the case of jeans and coutilles an *ad valorem* rate of 20 $\frac{2}{3}$ per cent is substituted for the compound rate hitherto in force. The compound duty on cotton warp is reduced; an *ad valorem* rate of 15 per cent being substituted for the compound rate which had hitherto obtained.⁴ The most important change is in the rate on sugars. A change was made whereby a differential gain of 2 $\frac{1}{2}$ per cent. was given to the direct importer; the intention being to develop direct trade between the place of growth and Canada. The following tabular summary shows this differential advantage:

New rate when imported direct.	New rate when not imported direct.	Old rate.
Above 14 d. s. 1c. and 32 $\frac{1}{2}$ per cent.	1c. and 35 per cent. ..	1c. and 35 per cent. ..
Between 9 and 14 d. s. $\frac{3}{4}$ c. " 27 $\frac{1}{2}$ "	$\frac{3}{4}$ c. " 27 $\frac{1}{2}$ " ..	$\frac{3}{4}$ c. " 30 " "
Below No. 9 d. s. $\frac{1}{2}$ c. " 27 $\frac{1}{2}$ "	$\frac{1}{2}$ c. " 30 " "	$\frac{1}{2}$ c. " 30 " "

This duty has features in common with the duties imposed on teas imported from the United States. Throughout this Act the protective idea is strongly present, and such modifications as are made, as in the case of the sugar duties, are made with the intention of further developing Canadian trade by protective measures.

The act of 1885⁵ also amended the Tariff. It is one of the awkward features of protection that the legislators' work, in connection with tariff modification, is never done. To the free list are added some twenty-six articles; here again there is a further inclusion of steel and iron in the rougher forms, to be used in further manufacture.⁶ On plate glass there is imposed what may be called

1. 47 Vict Caps., 29 and 30.

2. A drawback had been allowed before.

3. In 1881, the rate on acetic acid was 12c. per gallon; now it was increased to 25c. per gallon.

4. The former rate was 3c. and 15 per cent.

5. 48-9 Vict Cap. 61.

6. *e. g.*, steel for skates, hoop iron for tubular rivets, and steel for shovels and spades.

a *differentiated* duty.¹ The average rate on dutiable articles chargeable with an *ad valorem* rate under this Act is 23.8 per cent. On the whole *ad valorem* duties are preferred to specific and compound.

The upward tendency of duties on tobaccos and spirits is also manifest; on cigars and cigarettes a compound duty of \$1.20 and 20 per cent. is imposed.² On gin, rum and whiskey, etc., the rate is \$1.75 per gallon, on brandy \$2.00 per gallon. In the matter of the spirit duties, there is shown variable legislation. In 1882 a compound duty had been imposed,³ here we find the specific duty again taken into favor. On tobacco and snuff there is an increase of 10 cents per pound. The duties on fish are for the most part specific; except in the case of fish oils and fish preserved in oils where the *ad valorem* duty averages 25 per cent.

In 1886 the control of the Tariff was under the hands of the new Finance Minister, Hon. Mr. McLellan. The Act⁴ of this year provides for further amendments of the already much amended Customs Act. Some 63 changes are made in Schedule A: to judge by proportions specific duties were somewhat favored in this year for, in fourteen instances, specific duties are substituted for the duties hitherto in force. Seven articles are taxed with a compound duty. The average pressure of customs duties is somewhat higher than formerly; as compared with the rates of the previous year the average duties stand 27.52 per cent. and 26.11 per cent. respectively. In general the spirit duties are unchanged; in the case of cologne, however, the *ad valorem* duty is increased by 10 per cent. The highest *ad valorem* duty imposed is in the case of colors which are taxed 53 per cent. The course of action pursued with reference to two classes of articles is worthy of note; these articles are iron and sugar. In this year, as in the years that precede, there is evident a growing sense of the importance of the iron industry, and consequently attempts were made from time to time to manipulate the protective duties in such a way as to benefit the iron industry. In the case of iron nuts, bolts, washers and rivets, the protective duty is increased and made compound.⁵ In the case of barbed wire there is a change from *ad valorem* to specific, the duty also being increased. The rate on carriage hardware is increased by 5 per cent.; on scythes there is also an increase in the specific duties. In addition to this a bonus of \$1.50 per ton on pig iron is provided for.⁶ In 1884 a new method of arrangements had been introduced in the sugar schedule, whereby a 2½ per cent. advantage had been given to the direct importer. Now a change is made with the further intention of developing the refining industry. It was provided that sugar under No. 14 Dutch Standard, when intended for refining purposes, should be taxed at 1 cent. In sugars not intended for refining there are some changes *e.g.* sugar under No. 14 D.S., not for refining, is taxed at 1 cent and 30 per cent.—this is an increase of ¼ of a cent per pound; sugars above No. 14 D.S. are taxed ½ a cent and 30 per cent. On these two classes there is thus, over all, an increase of ¼ of a cent per pound.

Schedule C. of the Act of 1879 had provided for the free entry into Canada from Newfoundland of fish, fish oils and fish products. This privilege had been abrogated by the Act of 1885, which contained a provision with reference to the duties on fish, fish oils and fish products. The Act of this year also contains a

1. The duty varies from 6 to 9 cents per square foot according to the number of square feet in the sheet.

2. This is an increase of 60 cents per pound as contrasted with the rate of 1881.

3. \$1.90 and 20 per cent.

4. 49 Vic. Cap. 37.

5. Before this it had been 30 per cent. *ad valorem*.

6. 49 Vic. Cap. 38.

provision with reference to this. In the matter of whale and fish oils there is a reduction in duty of 5 per cent. It is, however, provided, in the third section of the Act, that the fish and fish products both of Newfoundland and the United States may be imported into Canada on reciprocal terms.

In the export duties an increase of 50 cents per cord on shingle bolts and \$1 per thousand on pine logs is made. Provision is also made for further increase, such increase being brought into existence on the discretion of the Governor-in-Council. This discretionary power is granted in section 319 of the Tariff which reads, with reference to export duties "provided that the powers vested in the Governor-in-Council by section 97 of this Act shall extend and apply in all respects to the above named articles, and that the Governor may increase the export duties on pine logs to \$3 per M."

Ever since confederation there had been contained in the different tariffs a schedule of prohibited goods; the importation of such goods entailing upon the importer, by way of penalty, a heavy fine. These goods comprise in general terms, books, documents, etc., of a treasonable, seditious or immoral nature; and counterfeit coin.¹ Somewhat of a departure in policy is now made, in that oleo-margarine is included in the list of prohibited goods. By this means more protection was extended to the butter manufacturers. The protective nature thus becomes more noticeable in Schedule C; hitherto this feature had been absent in this schedule.

The years 1887-8 were characterized by an insistence upon one feature of the National Policy, to which, for some time, there had not been much attention paid. It will be remembered that the increased ability to obtain reciprocal trade with the United States was one of the advantages which, it was assumed, would be consequent upon the adoption of the National Policy. There had been made, in 1879, a statutory offer of reciprocity; but the matter did not excite much interest. But now more attention was paid to the subject and reciprocity had a momentary popularity. The Tariff Amendment Act,² of 1887, made some very important changes.³ The general effect of the changes made was in the direction of increasing the rate of duties. There is not manifested any marked preference for any one class of duties. The increased pressure of customs duties may be seen from the fact that the average rate during this year, was 30 per cent. as contrasted with 27.52 per cent. the preceding year.

In the somewhat complex arrangement of specific, *ad valorem* and compound duties on buggies and wagons, there is a conscientious endeavor to reach the various forms of taxable commodity.⁴ But the specific tax being imposed on the lowest priced wagons and buggies ensured that while, from the standpoint of the tax gatherer, there was a moderate advantage, from the standpoint of the consumer there was a pronounced disadvantage. On some items of cotton, namely, jeans, couilles, printed and dyed cottons, there is a general increase of 5 per

1. Since then "reprints of Canadian copyright works, and reprints of British copyright works which have been also copyrighted in Canada" have been added.

2. 50-1 Vic. Cap. 39.

3. From this year onwards the perusal of the Budget Speech is more advantageous to the student than hitherto. There is somewhat more of definite plan evident.

4. The following is the arrangement:

On those under \$50.00 a specific duty of \$10.00.
On those between \$50.00 and \$100.00, \$15.00 and 20 per cent.
On those costing \$100.00 and over, 35 per cent.

cent. On cigars and cigarettes the compound rate is increased, a rate of \$2.00 and 25 per cent. being substituted for the former rate of \$1.20 and 20 per cent. The protective features of these amendments affect the farming classes also. This may be seen in the following changes: on potatoes the former rate of 10 cents per bushel is replaced by a new rate of 15 cents; tomatoes are taxed at 30 cents and 10 per cent. in place of the old rate of 10 per cent.; on vegetables, in general, there is an increase of 3 per cent.

The changes with reference to the iron industry are the most important. In making these changes Sir Charles Tupper proceeded on the principle that the duties were to be proportioned to the amount of labor expended on the industry. The duties were based on the American duties on iron and steel, the proportion being two-thirds to one.* For a long time the free list had been utilized to enhance the growth of the Canadian iron industry; duties of varying magnitude had been imposed on various forms of iron; but the question of protection was subordinated to the question of revenue. It was in this year that the Government saw fit to devote more systematic attention to the development of the iron industry. If protection is beneficial, and if it should be extended to industries, then it logically follows that it should be extended to the important industry of iron. In England during the earlier period of the development of the iron industry a protective policy prevailed; it may safely be conceded that this policy had much to do with the development of the English iron industry; it would, however, be unsafe to suppose that to this phase of policy alone, is traceable the differential advantage which in, this particular, England possesses.

In the process of Tariff change there is often found at work not a simple motive but a complex series of motives. The imposition of increased duties on iron was entirely in accord with the dictates of protection, and the desire to develop the iron industry would of itself, have been sufficient justification, from the standpoint of protection, for the Government's action. But there was a political as well as an economic motive at work. The importance of Tariff conflict, as one of the causes which led to the formation of the Dominion, has already been indicated; once the Dominion was formed, the Tariff was, from time to time, used as an instrument to conciliate divergent interests. The Province of Nova Scotia had been reluctant to enter the federation and the magic of "better terms" had much to do with her entrance.† In 1879 the coal tax had been imposed to benefit Nova Scotia by securing the Canadian market to the Nova Scotian coal miner.‡ But still the dissatisfaction continued and, in the election of 1887, there was open discussion of the advisability of Nova Scotia seceding from the union. The iron interests of Nova Scotia were great and the increased rate of duties extended an especial protection to them. The Nova Scotian papers of the time recognized the change as in the nature of a concession to their Province, and the general impression was that the effect of the policy of the Government would be such that Nova Scotia would become "in the political system of Canada, what Pennsylvania is in the American union.§"

*See *Monetary Times* May 20th, 1887, and also Drummond's *The Iron Industry* pp. 23-24.

†See *Toronto Leader* for March 30th, 1868.

‡This had been proposed in 1867, but had not been enacted. See *Toronto Leader* for March 30th, 1868.

§See *Monetary Times* for May 20th, 1887.

The table given below includes the chief changes :

	Rate of 1879.	Rate of 1887.
Pig iron.....	\$2 per ton	\$ 4 per ton.
Slabs, blooms billets, etc	12½ per cent.	\$ 9 “
Bars, rolled or hammered	17½ “	\$13 “
Railroad rails	15 “	\$ 6 “
“ fish plates	17½ “	\$12 “
Band and hoop	12½ “	\$13 “
Iron and steel wire.....	15 “	25 per cent. per ton.
Stoves, etc	25 “	\$16 per ton but not less than 30 per cent.
Gas pipes, etc	25 “	\$12 “ 35 “
Car wheels and axles.....	25 “	\$30 “ 35 “
Rolled beams, channels, etc	15 “	¼c. per lb. and 10 per cent.
Iron bridges and structural iron work	25 “	1¼c. per lb. but not less than 35 per cent.
Iron and steel forgings	20 “	1¼c “ 35 “
Locomotives.....	25 “	30 per cent ; if over 3 tons shall pay specific duty of \$2,000.
Drawn boiler tubing	10 “	15 per cent.
Skates	30 “	20c. per pair and 30 per cent.
Tinned and enamelled ware.....	25 “	30 per cent.
Builders' hardware	30 “	35 “
Bolts, rivets, etc	30 “	1¼c. per lb. and 30 per cent.
Horseshoes and horseshoe nails.....	30 “	1¼c. per lb. but not less than 35 per cent.
Iron wire nails.....	30 “	1¼c. “ 35 “
Scales, balances, etc	30 “	35 per cent.
Nails and spikes (cut)	¼c. per lb. and 10 per cent.	1c. per lb. and 25 per cent.
“ (pressed)	¾c. “	1¼c. per lb. but not less than 35 per cent.
Adzes, hammers, etc.....	30 per cent ...	35 per cent.
Shovels and spades	30 “	35 “

When the iron rates of 1879 and 1887 are compared it is seen at once that the Tariff of 1879 was exceedingly simple in form. In 1887, however, the conditions are changed ; but few *ad valorem* duties appear, their place being taken by specific or compound duties. Some of the specific duties are simple, others are more complex and partake of what might be called a *quasi ad valorem* nature.* Under the Tariff Act of 1879 the general rate on iron and steel manufactures N. O. P. had been the same as the general tariff rate, namely, 20 per cent.; but in the Act of 1887 the general rate on iron and steel manufactures N. O. P. is 30 per cent. During the period, 1879-87, the average rate on iron and steel was 20.78 per cent.; in the year preceding the revision the highest rate was reached, namely, 22.15 per cent. In order to compare with this the operation of the iron duties of 1887, the average pressure during 1888-93 may be taken. In 1887 the average rate of charge had been 22.15 per cent.; in 1888 it at once rose to 30.06 per cent.; from then to 1893 it fluctuated somewhat, but the normal rate throughout this period was 28.88 per cent. The average rate of 1887 is thus at least 8 per cent. higher than the average rate of 1879.†

The year 1888 is, in many ways, the complement of 1887. In this session the chief Tariff questions discussed centred around reciprocity and the export duties.‡

*E. g. such a duty as “ 1½ cents per pound, but not less than 35 per cent.”

†In the calculation of the average duties, the percentage of duty on the dutiable goods has been calculated. For dutiable goods and amounts of duty paid see the trade and navigation tables for the years in question.

‡51 Vict. Cap. 15.

From the beginning of the Canadian Tariffs the only commodity upon which an export duty had been imposed was timber, in its rougher forms. There was a popular opinion that it would be to the advantage of Canada to have the manufacture of this timber, into the finer grades, carried on in Canada rather than in another country. The foreign purchaser had been in the habit of manufacturing this timber, into the finer grades, in his own country; it was supposed that the imposition of these duties would compel him to carry on the manufacture in Canada. These duties had not the anticipated effect. The amount of duty produced was not great, and the tax had had a prejudicial effect upon the Canadian timber trade. A feeling in favor of the abolition of these duties had commenced to manifest itself; and thus a resolution was passed in committee giving the Governor-General-in-Council power to reduce the duties "entirely or in part." Although power was given to reduce these duties, yet the Governor-General-in-Council* made use of the power conferred in terms of a prior statute† to increase the duty on pine logs to \$3 per thousand. Such contradictory policy appears, on the face of it, somewhat strange. But it is probable that it was intended, by this action, to bring pressure to bear upon the United States Government, and so to ensure a more favorable hearing of the statutory proposals with reference to reciprocity contained in the Act of this year.‡ The provision, with reference to reciprocity, is, in the main, the same as that contained in the Act of 1879; there are, however, some minor differences. The Act of 1879 included trees, coal, coke, shrubs and wheat; these are not contained in the statutory offer of this year. But the offer of this year contains several items which are not included in the earlier Act, viz., wood pulp, stone or marble in the rough, fish oil and fish products. The most significant change in the statutory offer is in the omission of wheat.

No change of importance was made in 1889. During the session various questions with reference to the pork duties came up. The lessening of the duties on mess pork was asked for; §but as the tariff had been amended so recently the Government did not see its way to further amend the tariff during this year.

*By Order-in-Council dated November 13th, 1888, (*Canada Gazette*, Vol. XXII., p. 860). The tax was again reduced by Order-in-Council of June 28th, 1889.

†Item 819, Schedule E, Cap. 33, R. S. C.

‡Section 9 in amendment of section 9 of 51 Vict. Cap. 15.

§This was dealt with in the Act of 1894. A duty of 25 per cent. was imposed on both mess pork and the lighter varieties. The effect of this was to increase the duty on mess pork and decrease it on the lighter kinds. The duty on the lighter kinds of pork had been 3c. per pound.

VI

THE BEGINNINGS OF TARIFF REFORM, 1890.

From 1890 onward there appears a more marked appreciation of the limitations of a system of protection; but it is not to be imagined that the principle of protection is departed from, for, in some cases, the duties are actually raised; yet the tendencies of the time, the attempts to combine the maximum of protection with the minimum of pressure, the choice of forms of duty whose pressure is supposed to be more equitable, the simplification in point of enumeration—are all indicative of a beginning of reform. Then, in addition, there is a more definite plan apparent. Owing to the undue application of the protective principle in the earlier years, the National Policy disquieted the financiers by the presence of troublesome surpluses. In process of time the application proceeded on a more definite plan; and this is most markedly shown in the present period.¹ Hitherto also, in the conferring of protection, it was, in the main, the producer who had been considered; there is now a tendency to pay more attention to the consumer.

It might be argued that the reductions in taxation which took place in earlier years were indicative of the beginnings of a period of Tariff Reform—as for example the remission of the tea duty, or the placing of anthracite coal on the free list. These remissions, however, were spasmodic and did not proceed from a well-defined plan of change. Beginning with the year 1890, there appears a more adequate appreciation of the fact that the tendency should be towards the minimizing of duties. Although there exists, on the part of the Finance Department, this tendency towards systematization and gradual reduction of the Tariff Duties, it must be conceded that the reconciliation of the conflicting claims of differing industrial interests, has somewhat retarded the carrying into action of the plans of Tariff Reform formulated.

The year 1890 may be taken as the beginning of the period of Tariff Reform. The Act of this year² provided for amendment in the Tariff. It is not only in the Act itself but also in the statements of the Finance Minister that we have to look for the purpose that actuated the changes.³ In introducing the changes he took occasion to define the reasons that had caused the introduction of the Amendment Act. He said that the purposes of the amendment were:

1. Explanatory—there had been confusion in the headings.
2. To reduce in some instances existing duties, which changed conditions have rendered higher than they should be, or duties upon articles which failing to be manufactured in this country should bear a Revenue Tariff and a Revenue Tariff only.
3. To put on the free list articles which either serve as raw materials for manufactures, or which would by their admission help to develop the resources of the country.
4. To readjust certain duties.

1. In the accomplishment of these changes much use is made of the free list. It may be noted that the amount of free goods imported is steadily increasing—in 1893 it amounted to \$52,000,000.00. (See Table I in Appendix.)

2. 53 Vict., Cap. 20.

3. Vide Budget Speech of 1890.

It is evident from these resolutions that a belief in the protective principle is retained; it is none the less evident that a tendency towards modification has appeared.

In the Act itself, there are numerous changes. In the list of dutiable goods there are some 227 changes. In Schedule A the average *ad valorem* duty on 149 articles is 25.12 per cent.: on some of these articles the duty is compound. There are 65 articles on which there is either a specific duty alone or a compound duty. Changes are also made in the free list. The export duties on pine, oak, and spruce logs and shingle and stave bolts were removed by order in Council*—this change is a further evidence of the systematizing tendencies of the period; these duties had not effected the end for which they had been enacted.†

In virtue of the power to confer drawbacks, a drawback of 90 per cent. is allowed on imported Indian corn.‡ Spirituous liquors are charged on the average \$1 per gallon; on six kinds of liquors there is in addition an average of 30 per cent. *ad valorem*. The chief liquors charged with a compound duty are those which are partly alcoholic in their nature, *e.g.*, elixirs, anodynes and alcoholic perfumes. In line with the policy adopted in 1887 some further protection is extended to iron and steel. On picks and mattocks the duty is fixed at 1 cent per pound and 25 per cent.—this is a duty of about 40 per cent.; on files and rasps 10 cents per dozen and 30 per cent.—on files this would give a duty of about 36.53 per cent, while on rasps it would be about 31.16 per cent. On shovels and spades the specific duties remain unchanged, while the *ad valorem* rate is increased 5 per cent. The fruit duties, as also the duties on hats, caps, gloves and mitts, are increased. There is a 10 per cent. increase on builders' and harness-maker's hardware. In these changes there is on the whole, a tendency to prefer *ad valorem* to specific duties.

In the year 1891 some important changes§ took place in the Tariff, chiefly with reference to sugars, spirits and tobacco. It has been seen, in the acts of previous years, that protective measures had been plentifully applied to the sugar industry. It had been attempted to increase the direct import trade, and later on the sugar refiner had been given an advantage. So far the pressure of taxation on sugar had been heavy; during the period of 1879-90 it had averaged 52.40 per cent.|| The change in duty which was now made was to the direct benefit of the consumer.

The taxes on raw sugar which had amounted to \$3,500,000 per annum were remitted and the following provision was inserted in the free list, "all cane-sugar or beet-root sugar not above 14 D.S., in color; all sugar sweepings, and sugar drainings or pumpings drained in transit, all melado or concentrated melado, all molasses or concentrated molasses, N.O.P. all beet-root juice—when imported direct from country of growth and production." The idea of developing the direct trade at the expense of the indirect, was thus still retained. In addition to the repeal of the duties on raw sugar, there is also a lessening of the rates on the refined sugar. Sugars above 14 D.S. and all refined sugars are taxed 8-10c. per pound;¶ on molasses the duty was fixed at 1½ cents per gallon. The Act passed** later on

*15th October, 1890.

†From the standpoint of revenue they had been of little value. During 1868-93, the average yearly revenue from this source was only \$20,839.00. *Vide* Table I. in appendix.

‡"Kiln dried, and ground into meal for human food."

§54-55 Vict., Cap. 44.

||*Vide* Table III. in appendix.

¶Under the Act of 1886 these had been charged ½c. and 30 per cent.

**54-5 Vict., Cap. 31.

in the session, providing for the payment of a bounty of \$1 per hundred weight on beet-root sugar "produced in Canada wholly from beets produced therein" is to be taken as a complementary part of the Tariff legislation of the year; it serves to attract attention to the fact that the protective phase was by no means lost sight of amid the various amendments.

As a consequence of the remission of duties upon sugar, revenue had to be raised from other sources. The Government made use of the method which plays such an important part in modern financing, and imposed heavier duties on tobacco and spirits. Viewed from the standpoint of expediency, and leaving out of consideration all questions of ethics, such taxes are excellent because the Government is sure of a fairly steady revenue from them. On malt the duty was placed at 2 cents per pound*, or about 3 cents per gallon on beer; from this source there was expected a revenue of \$500,000; an excise duty of 20 cents per gallon was imposed on distilled spirits—this was expected to increase the revenue by about \$600,000; on tobacco an increase in duty of 6 cents per pound was expected to give an increase in revenue of about \$400,000. Thus the total increase in revenue expected from these sources was \$1,500,000; the total gross reduction in revenue was \$3,500,000—leaving a net reduction in customs rates of \$2,000,000. The average specific duty on spirituous liquors now stood at \$2.12½ per gallon—an increase of 12½ cents per gallon. It will be seen that these increases affected, partly the excise, partly the customs.†

There was no general Tariff amendment in 1892. The duties which had, since 1886, been imposed on fish and fish products imported into Canada from Newfoundland were now remitted.‡ The customs rates were made to press more heavily on tobacco and molasses, and more protection was extended to the manufacture of fine leather§ by the inclusion in the free list of several articles used in the manufacture. The duty imposed on eggs was retaliatory. The drafters of the McKinley Tariff had imposed a duty upon eggs. This was met, on the part of the Canadian Government, by the imposition of a tax of 5 cents per dozen on eggs; this would, on the average amount to 33½ per cent.

On tobaccos the chief changes were as follows:

— — —	Rate of 1892.	Rate of 1891.
Cut tobacco	55 cents and 15 per cent.	40 cents and 12½ per cent.
Manufactured tobacco and snuff...	45 cents and 15 per cent.	35 cents and 12½ per cent.

The two elements present in the provisions with reference to the sugar industry, are retaliatory duties and paternalistic protection. It is provided that in case a country which exports sugar to Canada, discriminates against Canada that the Governor-General-in-Council may suspend the ordinary regulations and apply the following rates on:

Sugar below 14 D.S. 1 cent per pound and for every { This would vary from 25
additional degree or fraction thereof 3½c. per cwt. { per cent. to 33½ per cent.

*This made the malt and beer duty in Canada 7 cents, as compared with 4 cents in Great Britain, and 3½ cents in the United States. The malt duty was in 1891 decreased to 1½ cents per pound; prior to 1891 it had stood at 1c. per pound.

†In addition to these changes a duty of 5 cents per hundred weight was imposed on coarse salt.

‡By Order-in-Council of May 27th, 1892.

§This manufacture had already been protected: now the form of protection was somewhat changed *degras* and *oleostearine*, which are used in the process of manufacture, were placed on the free list.

Sugar above 14 D.S., 2c. per pound.	{ This would vary from 34.75 per cent. to 47.05 per cent.
Molasses, 25 per cent.	{ This would vary from 10c. to 12½c. per gallon, according to quality.

There is a suggestion of paternalism in the prohibitory provision with reference to the lower grades of molasses. The Government stated its intention of imposing a prohibitory duty on molasses which did not show more than 20° or 30° of saccharine material. It was held that such inferior grades of molasses were unfit for use. Accordingly the following subdivision was made with reference to the duties. The original rate for all molasses had been 1½ cents per gallon; under the new arrangement molasses between 40° and 50° were still taxed at the old rate, while, on molasses under 40°, the old rate was still imposed plus 1 cent per gallon for each degree or fraction of a degree less than 40° and besides this 2½ cents per gallon when not imported direct.

In 1890* in order to extend protection to the home industry, a duty of 25 per cent. had been imposed on all grades of binding twine. This tax pressed heavily on the farming classes and raised much popular discontent: accordingly in 1893 the Act was amended and a reduction made in the rate of duty. The finished article was now taxed at 12½ per cent., while the unfinished, when imported to be further manufactured, was taxed at 10 per cent.† The only other change made in this year was the extension of the period during which mining machinery of a kind not manufactured in Canada could be imported free of duty.‡

Prior to the amendment of the Tariff, in 1894, an attempt was made to ascertain what changes were desired by the people; with this end in view, the representatives of the leading industries throughout the country were interviewed by the Comptrollers of Customs and Inland Revenue and other members of the administration.§ The information so obtained was used as data for the revision. In this revision there are to be found many of the general tendencies of reform which have appeared throughout this period. The Budget Speech introducing the amended Tariff shows that the Finance Minister|| was much more ready than some of his predecessors, to present a reason for his Tariff policy. Although the belief in protection is evident yet there appears the significant statement, "If there is to be a protective system at all, everybody knows that it must be higher in its inception than as the years gradually pass, when industries have become established and when the industrial development of the country grows apace."** The facts of history would hardly justify the conclusion that, in the earlier days of the National Policy, those entrusted with the management of the Tariff, were well aware of the limitations to be placed upon a Protective Policy or were possessed of systematic views on the process through which, as time went on, a Protective Policy should pass. The application of protection to the various industries hardly pretended to proceed on any scientific principle; considerations of the present rather than the ultimate gain exercised most influence.

*53 Vict., Cap. 20, Sec. 10, item 184.

†56 Vict., Cap. 16, Sec. 10, item 184.

‡By the Act of 1890 (53 Vict., Cap. 20, Sec. 11, item 291) provision had been made for the importation of such machinery free of duty during a period of three years. By the Act of this year this term is extended until July 16th, 1896.

§Such a peripatetic system of investigation, on the face of it at least, would seem better fitted to the end in view than that adopted at Washington in the late Tariff revision. There, when the Wilson Bill was being drafted, representatives of the various industries were summoned to appear before the Ways and Means Committee at Washington. It may reasonably be claimed that the system of investigation adopted in Canada gave more opportunity for the claims of the smaller industries being heard.

||Hon. G. E. Foster.

**Budget Speech.

The statement of the Finance Minister illustrates his own views of the process of tariff evolution, under a protective system.

It was stated in the Budget Speech, that "one main attempt had been to simplify and make clear the Tariff" * and also that "the time for revision has come . . . the time for a complete examination of the whole matter of our Tariff arrangements in order that the anomalies existing might be done away with and that the Tariff might be brought down to the existing circumstances and changed conditions not only in Canada but in foreign countries at the present time."† This should furnish an excellent text for Tariff Reform. In the practical application of this, especially in the amendments, there may, however, be found some limitations. One other statement substantiates what has been said, in an earlier part of this essay, namely that during the earlier period of the enforcement of the National Policy the needs of the producer were closely looked to, but that during this later period more attention was paid to the consumer. This is shown in the following: "‡The prime object in view has been to cheapen the cost of manufactures in this country, to cheapen the cost at which the goods issue from the factory itself." It is characteristic of the earlier stages of a protectionist movement that most attention is paid to the manufacturer, in fact it is of the essence of the movement that the consumer should be willing to put up with a temporary inconvenience, in order that the home manufacture should be built up. When the needs of the consumer appear to the Minister, under a régime of protection, to demand attention it is sufficient evidence, that to him, at least, the day of high protection is passing and that the manufactures of the country are becoming able to stand alone.

Both the Canadian and the American Tariff revisions of this year suffered considerable change in their progress through the legislative chambers. The Wilson Bill, as at first drafted, although it retained protective features, was yet a movement towards Tariff Reform. When it left the House of Representatives it practically expressed the will of the administration on the subject. In the process of the Bill through the Senate many changes were made, and although on the whole the pressure of customs taxation was lightened, yet the distinctive characteristic of Tariff Reform was not so markedly present as in the original draft. The Canadian Tariff, as presented to the House in draft form, represented the views of the Finance Department with reference to the advisability of Tariff Reform. During the progress of the Bill through the committee stage many amendments were made; delegations from interests affected made their wishes known, and the result was that the Tariff, as finally enacted, although lessening somewhat the average pressure of duty, differed in many particulars from the original draft. For the purposes of study it will be found convenient to consider first the proposed Tariff; then the amendments will demand consideration, in that they show the changes which had to be made in order to pacify the conflicting and divergent interests which are so numerous and clamorous under a protective system.

It was calculated that, as a consequence of the change in the Tariff, the uniform pressure of taxation over all would be 28 per cent.—a reduction of 2 per cent. as compared with the average rate of 1893. It was estimated that this reduction would throw off from \$1,500,000 to \$1,600,000. The accuracy of these calculations cannot be verified until the trade returns for the year are available.

*Budget Speech.

†*Ibid.*

‡*Ibid.*

In the Tariff two main tendencies are manifested, one towards simplification of enumeration, the other towards the substitution of *ad valorem* for specific and compound duties. The following may be taken as an example of both tendencies. Under the old rate cotton batts had been subdivided as follows :

Cotton batts, undyed	2 cents and 15 per cent.
do dyed	3 " 15 "

Under the new rate both are included under an *ad valorem* duty of 22½ per cent. This tendency towards the substitution of *ad valorem* duties for those hitherto in force, is most noticeable in cottons. There are some twenty-seven dutiable articles of cotton specified under the heading of textiles. Under the old list fifteen of these were subject to a compound duty; under the new list only three. In all there are in this Tariff some thirty changes from specific or compound duties to *ad valorem*.

Something has been said with reference to the tendencies apparent in the Tariff, as also with reference to the estimated pressure of customs duties over all. This will indicate the general tendency. For purposes of more detailed investigation it will serve if a fairly representative list is chosen and a comparison instituted between the rates of 1894 and those of former years. The following articles will be taken for this purpose: Spirits, tobacco, agricultural implements, agricultural produce, cotton, wool, iron and steel, sugar, leather and chemicals.

Spirits. The rate remains unchanged.

Tobaccos. The duties are unchanged.

Agricultural products. Here the changes were only in a few of the articles. This was in keeping with the general plan, for it was stated that "it is not the policy of the Government to decrease in any material degree the protection at present afforded to the agricultural interests of the country." The following table gives the chief changes :

	New rate.	Old rate.	Average change.
Live hogs	25 per cent.	2 cents per lb.	5 to 8 per ct. reduction.
Salt meats	20 "	3 "	10 to 17½ " "
Lard	25 "	2 "	5 per cent. " "
Tallow	20 "	1 "	Slight increase.
Apples, beans, buckwheat, peas, potatoes and rye† ..	Unchanged.	Unchanged.	
Barley and Indian corn‡ ..	"	"	
Oatmeal	50 cts. per bbl.§	½ cent per lb 	10.11 per ct. reduction.
Live animals	20 per cent	25 per cent	5 per ct. reduction.
Tomatoes	20 cts. and 10 per cent ..	30 cts and 10 per cent...	10 cts. " "
Blackberries, gooseberries, raspberries, etc	2 cts. (about 38.71 per ct.)	3 cts. (about 58.06 per ct.)	19.35 per ct. reduction.

Agricultural implements. A reduction of 15 per cent. was made in the rate; a duty of 20 per cent. being substituted for the former rate of 35 per cent. The duty on smaller implements for farm use, *e.g.* scythes, hayknives, forks, rakes and hoes, remained at 35 per cent.

*Budget speech.

†There is a provision for a statutory offer of reciprocity.

‡There is a statutory offer of reciprocity. In the case of Indian corn there is a drawback of 90 per ct.

§About 10.52 per cent. The average percentage charge is calculated on the basis of a wholesale trade list.

||About 20.63 per cent.

Cotton. As has been mentioned, changes from compound to *ad valorem* duties took place in this list. The following table contains the articles upon which a compound duty is replaced by another rate of duty :

	Old rate.	New rate.
Cotton batting (not bleached, etc.).....	2 cents and 15 per cent.	22½ per cent.
“ “ (bleached, etc.)	3 “ 15 “	22½ “
“ batts (unbleached, etc.)	2 “ 15 “	22½ “
“ “ (bleached, etc.)	3 “ 15 “	22½ “
“ wadding (unbleached, etc.)	2 “ 15 “	22½ “
“ “ (bleached, etc.)	3 “ 15 “	22½ “
“ yarn	2 “ 15 “	25 “
“ “	3 “ 15 “	25 “
“ grey (unbleached)	1 ct. per sq. yd. and 15 per ct.	25 “
“ bleached	“ “ “ “ “ “ “ “ “ “	30 “
“ collars	24 cts. per doz. and 30 per ct.	24 cts and 25 per cent.
“ cuffs	4 “ “ “ “ “ “ “ “ “ “	4 “ “ “ “ “ “ “ “ “ “
“ shirts.....	\$1 “ “ “ “ “ “ “ “ “ “	30 per cent. when under \$3.00 per doz. When over \$3.00 per doz., \$1.00 per doz and 25 per cent.
“ webbing (non elastic)	2 cts. and 15 per cent	25 per cent.
“ cordage	1½ “ 10 “	“ “

There are twelve articles on which *ad valorem* rates are charged both in the old Tariff and the new. The average charge on these under the old list was 26.66 per cent. Now the average rate is 25.67 per cent., or a net average reduction of 1 per cent. The reduction is, however, really greater than appears; on one of the articles* the duty had, for purposes of revenue, been increased 10 per cent., and the increase goes for to counterbalance the decrease on the other articles.

Woolens. In woolens the chief change is in the substitution of *ad valorem* for compound duties. The following table illustrates this substitution :

	Old rate.	New rate.
Woolen yarn	10 cents and 20 per cent	27½ per cent.
Wool cloth	10 “ “ “ “ “ “ “ “ “ “	30 “
Dress goods	10 “ “ “ “ “ “ “ “ “ “	22½ “
Knitted goods	10 “ “ “ “ “ “ “ “ “ “	35 “
Carpets	10 “ “ “ “ “ “ “ “ “ “	35 “
Clothing	10 “ “ “ “ “ “ “ “ “ “	32½ “

This change means at the same time, on the whole, a reduction in duty. Take for example woolen yarn; taking the average value as \$1 per pound, this change would mean a reduction of 2½ per cent. The more equitable pressure has also to be remembered. The change in woolens is especially noticeable as the compound duties had been much in favor on this item.

Iron and Steel. In the Tariff list of 1894 there are some sixty items under this heading. This does not mean, however, that only sixty articles of iron and

*The article in question is velvet and velveteens. The duty was now placed at 20 per cent.

steel are dealt with, for most of the items include several varieties of iron and steel manufactured products. There is on the whole a tendency towards general reduction of duties. There is not present the same general tendency to favor *ad valorem* duties as is shown in other sections. One provision that is present in the old Act, in several instances, is also present here, namely, a provision that the specific duty imposed shall be equivalent to at least a certain percentage. For example, if a specific duty of \$10 per ton is imposed on an article, then there is occasionally a proviso that this shall be equal to at least 30 per cent. or 35 per cent.,* as the case may. The estimated reduction of duties on metals and manufactures was about \$350,000.

It has been contended, by those who advocate a high Tariff on iron, that the cardinal weakness of the iron schedule of 1887 was the fact that the rate of duty on scrap iron was very much lower than that on puddled bar, blooms and billets with which it came into competition.† From the standpoint of protection this low rate of duty on scrap iron was certainly a weakness in the protective policy and went far to nullify the protective intent. In the manufacture of bar iron, either puddled bar or scrap iron may be used. The puddled bar is the product of pig iron. It was the intention of the Government, when imposing the duties of 1887, to cause more puddled bar to be used in the manufacture of bar iron and, as a necessary consequence of this, to cause a greater manufacture of pig iron. The duty on puddled bar was fixed at \$13 per ton with the intention of securing the market to the home product. Owing to the low rate of duty imposed on scrap iron, those engaged in the manufacture of bar iron found it more to their advantage to import scrap. As a consequence of this practically no bar iron was manufactured from puddled bars, and so the Government policy, instead of ensuring the development of the higher branches of the iron trade, had a directly opposite effect. This state of affairs had continued from 1887 to 1894. A change was now made. The \$2 duty already imposed was forthwith increased to \$3, and it was provided that after January 1st, 1895, it should be raised to \$4. The intention in so doing was to make the Tariff on iron completely protective. The duty was intended to be practically prohibitory.‡ While the duty on scrap iron was increased, the duty on puddled bar was decreased from \$9 to \$5. This reduction was justified on the ground that it would reduce the cost of merchantable iron to the country. The provision already existing for a bounty of \$2 per ton on pig iron was retained,§ and a similar provision was enacted in the case of puddled bar and steel billets. In addition it was provided that these bounties should run for five years from the date of the enactment.||

*The favorite rate under such conditions is 35 per cent. The evident intention is to combine in its operation the advantages of both specific and *ad valorem* duties. If the specific charge fell below the required percentage, it would have to be adapted to the altered conditions. The development of industry and the gradual cheapening of industrial processes, ensure that, on the average, the specific charge will be more than the proportion required.

†*Vide The Iron Industry*, p. 24. This is a pamphlet which was read before the Mining Association of Quebec, by Mr. G. E. Drummond, Vice-president of the Association.

‡“Under that duty it is supposed that not a very great deal of foreign scrap will be imported. Our object is to induce the manufacture of bar iron from the iron of the country—from puddled bars.” Budget Speech, reply of Hon. Mr. Foster to question of Sir Richard Cartwright.

§During the fiscal year 1893-4 this bounty was paid on 48,000 tons.

||This was moved on July 18th, 1894. It is to hold until March 26th, 1894. In the case of foundries started after the present but before the ultimate date, the bounty is to hold for five years from time of starting.

The general rate on iron goods not especially provided for is reduced to 27½ per cent., a reduction of 2½ per cent. as compared with the rate of 1887. The following table gives the changes of importance.

	Budget rate of 1894.	Rate of 1887.
Scrap iron.....	\$4 per ton.....	\$2 per ton.
Slabs, blooms, etc.....	\$5 ".....	\$9 ".....
Bars.....	\$10 ".....	\$13 ".....
Plough-plates, etc.....	5 per cent.....	12½ per cent.
Railway rails.....	30 ".....	\$6 per ton.
Railway fish plates.....	30 ".....	\$12 ".....
Band and hoop iron.....	5 ".....	\$13 ".....
Stoves and castings.....	27½ ".....	\$16 "..... but not less than 30 per cent.
Iron bridges, etc.....	30 ".....	1½c. per lb., " 35 "
Locomotives.....	35 ".....	30 per cent.
Drawn boiler tubing.....	7½ ".....	15 ".....
Builders' hardware.....	32½ ".....	35 ".....
Bolts, washers, etc.....	½c. and 20 per cent..	½c. and 30 per cent.
Tacks, etc.....	1c. per 1,000.....	2c. per 1,000.
Horseshoe and horseshoe nails.....	30 per cent.....	1½c. per lb., but not less than 35 per cent.
Iron wire nails.....	½c. per lb.....	1½c. " " 35 "
Scales and balances.....	30 per cent.....	35 per cent.
Adzes, hatchets, etc.....	30 ".....	35 ".....

A comparison of the iron goods chargeable with *ad valorem* rates under both Acts gives the following result :

Average duties on goods chargeable with <i>ad valorem</i> duties in old list.....	30.45 per cent.
Average duties on same goods chargeable with <i>ad</i> <i>valorem</i> duties in new list.....	21.74 "

Cross tendencies are shown in the goods subject to compound duties. For example, on wrought iron tubing and pipes the specific component of the compound duty is increased 4-10c.; on wrought iron or steel rivets the *ad valorem* element is decreased 5 per cent.; on skates the specific component is reduced by 10c. This illustrates the somewhat erratic nature of the changes in the compound duties. On the whole there is a reduction.

The action of the free list must, as usual, be taken as complementary to the operation of the dutiable list. The addition to the free list is by way of concession to the dairying interests.*

Sugars. In sugars the changes are few, and may at once be indicated by a short table.

	New rate.	Old rate.
Molasses.....	Unchanged.....	
Sugar candy and confectionery.....	35 per cent.....	1½c. and 35 per.
Sugar above No. 16 D.S.† (refined, etc.).....	1½c.	8-10c.

* Steel cream separators are added to the free list.

† The raising of the standard from No. 14 D.S. to No. 16 D.S. admitted free sugar, fitted for culinary table purposes.

Chemicals. In the case of acetic acid and pyroligneous acid for dyers, the duty is changed from 1c. and 20 per cent. to 25 per cent. On the whole there is a decrease both in the specific and *ad valorem* rates.

Leather. On leather board and leatheroid an *ad valorem* rate of 20 per cent. is substituted for the former specific charge of 3c. per pound. On eight other items, which bear an *ad valorem* duty, under both the old Act and the new, the average new duty is 17.525 per cent. as compared with the former average rate of 20.625 per cent.

In the discussion of the pressure of duties upon agricultural produce the reciprocity clause has already been referred to. This clause differs in great degree from the reciprocity provisions of earlier years, in that it is not so comprehensive. It has to do with agricultural products, but it does not contain a comprehensive list of these. The imports into Canada of the various articles provided for under the reciprocity clause warrant the conclusion that the provision is more semblance than reality. These imports in 1892* amounted to less than \$200,000, or to be more exact, to \$161,621. The most important items are apples, of which \$80,867 were imported, and potatoes, of which there was an import of \$48,287.†

The most important changes in the free list are with reference to acids, chemicals and lumber. The policy pursued by the Government in placing acids on the free list may best be indicated by quoting the words of the Finance Minister: "Generally, I may say that all acids, drugs, dye-stuffs, everything which is necessary for tanning, in the manufacturing processes and the like, have been taken from the dutiable list and placed on the free list."‡ The Government investigations, prior to the amendment of the Tariff, showed that the lumber combine exercised considerable pressure on the people, especially in the Northwest. There the rougher grades of lumber were in much demand for use in the construction of farm dwellings, and the settlers were practically at the mercy of the combine. To redress this grievance lumber was placed on the free list. Sundry changes, in this direction, had, from time to time, been made; but the amendment of this year was more comprehensive in that squared lumber, shingles and, in general, the rougher grades of timber used in house-building were placed on the free list. The average rate of charge on these had been about 20 per cent. Although this change was made, it is to be borne in mind that the Tariff Act reposed in the hands of the Governor-General-in-Council power to impose export duties on the articles included in the lumber schedule in case any duties were imposed on them by foreign countries.§

The amendments to the Tariff in its way through committee were numerous.|| In so far as there is any appreciable principle shown it is to take specific duties into favor once more. On the whole there is a tendency towards an increased rate of duty, *i.e.*, as compared with the budget rates.

* *Vide* Statistical Year Book for 1892, p. 248.

† The articles which, in terms of the statutory provision, are admitted free of duty on reciprocal terms are apples, beans, buckwheat, peas, potatoes, rye, hay, vegetables and barley, and, as has already been indicated, the imports of these commodities were of minor importance. In another section of the Tariff provision is made for the importation of corn, free of duty, on reciprocal terms. In 1892 the imports of corn amounted to \$862,455, while the exports only amounted to \$222. (pp. 348-9 Statistical Year Book for 1892.)

‡ *Vide* Budget Speech.

§ The provision is as follows: "Provided that if any country shall impose a duty upon the articles in the schedule enumerated, or any of these, when imported into such country from Canada it shall be lawful for the Governor-General-in-Council, from time to time by proclamation published in *The Canada Gazette*, to declare that the following export duties, or any of them shall be chargeable upon logs exported into such country from Canada, *viz.*, pine, Douglas fir, spruce, fir, balsam, cedar and hemlock logs, not exceeding three dollars per thousand feet, board measure."

|| There were one hundred and twenty changes.

In the iron list various changes, which do not proceed on any well-defined system, are made. In some instances the *ad valorem* rate is increased; in others a specific rate is substituted for it, and in others a *quasi ad valorem* duty is imposed.* On the whole the tendency is to impose a duty which, while heavier than the Budget rate, is still lower than that in force in 1892-3. The various changes and cross tendencies, as well as the relative favor shown to various forms of duties, may be seen from the following table, which contains the changes of importance.

	Budget rate.	Tariff as enacted.
Railway fish-plates	30 per cent	\$10 per ton.
Band and hoop	5 "	\$10 "
Car wheels and axles	35 "	\$20 " but not less than 35 per cent.
Rolled, beams, channels, etc	12½ "	35 per cent., but not less than \$10 per ton.
Iron and steel forgings	35 "	35 " \$15 "
Tinned and enamelled wares	30 "	35 "
Bolts, washers, etc.	1c. per lb., and 20 per cent.	1c. per lb., and 25 per cent.
Iron wire nails	¾c. per lb.	1c. per lb.
Nuts, etc	1c. per lb., and 20 per cent.	1c. per lb., and 25 per cent.; not to be less than 30 per cent.
Adzes, hatchets, etc	30 per cent	35 per cent.
Shovels and spades	35 "	50c. per dozen, and 25 per cent.
Tacks, etc.	1c. per lb.	1½c. per lb.

The rate on oatmeal had been changed; a specific charge of 50 cents per barrel having been substituted for the former charge of ½ cent. per pound. An *ad valorem* duty of 20 per cent. is now imposed, which almost wholly neutralizes the former reduction. Taking the value of a barrel of oatmeal as \$4.75, then the old rate of ½ cent per pound on 196 pounds would give an average duty of 20.63 per cent.; the Budget rate of 50 cents per barrel would give a duty of 10.52 per cent. while the new duty is 20 per cent. Thus, as contrasted with the Budget rate, there is an increase of 9.48 per cent., while as contrasted with the rate of 1893 there is an infinitesimal reduction of .63 per cent.

In the duties on woollens the old rates had been wholly compound; when the Tariff changes were first formulated these compound duties were for the most part replaced by *ad valorem* rates. Now there is another change, and in five instances *ad valorem* rates are replaced by compound. When these compound rates are contrasted with the compound rates in existence in 1893, it is seen, however, that there is somewhat of a change. The specific component of the compound duty is lessened, while at the same time the *ad valorem* element is increased. On five items, on which the *ad valorem* duties of the budget give way to the compound duties of the Bill, there is an average rate of 5 3-5c. and 28 per cent., as contrasted with the former average compound duty of 9c. and 21 per cent. In one case the *ad valorem* rate is reduced by 7½ per cent.†

A few other changes may be indicated. Cleaned rice is restored to the old rate of 1½c. per pound; the budget rate was 1c. On uncleaned rice the rate is lowered by ¼ of a cent. Photographers' supplies received an increased protection

* E.g., the duty of 35 per cent. imposed, by the budget, on iron and steel forgings is replaced by a *quasi ad valorem* duty of "35 per cent., but not less than \$15 per ton."

† The Budget rate on yarns was 27½ per cent.; they are now listed at 20 per cent.

of 5 per cent. The rate had already been raised to 30 per cent. by the Budget. In the case of the finer grades of leather the rate is increased by $2\frac{1}{2}$ per cent. The duty on coal oil is reduced 1 1-5c. per gallon.

A few changes were made in the free list. Salt and eggs had been rendered free of duty; they were now once more placed on the dutiable list. The old rate of 5c. per dozen was reimposed on eggs; while on salt there was imposed a duty of 5 cents per hundred weight when in bulk, and $7\frac{1}{2}$ c. per hundred weight when in packages. The old duty of 20 per cent. was reimposed on shingles. In pursuance of the policy outlined in the Budget speech, there was a further inclusion in the free list of articles ancillary to the dyeing industry.

The year 1894 witnessed Tariff amendment in the United States as well as in Canada. The Tariff legislation of the United States, has undoubtedly, from time to time, exerted an important influence upon the Tariff of Canada.* This fact, coupled with the somewhat similar course of amendment which befell both Bills in committee, would render a comparative study of these two Tariffs one of especial interest. Without attempting any so ambitious general discussion, it will, perhaps, suffice to give a tabular summary, indicating the pressure of duties on some of the leading commodities of both countries, and thereby suggest the resemblances and differences in the two Tariffs.

	United States Tariff.	Canadian Tariff.
Poultry	2c. per lb	20 per cent.
Beef	20 per cent	3c. per lb.
Mutton	20 "	35 per cent.
Pork	20 "	25 "
Butter	4c. per lb	4c. per lb.
Honey	1½c. "	3c. "
Smoked fish	¾c. "	1c. "
Barley	30 per cent	30 per cent.
Hay	\$2 per ton	\$2 per ton.
Hops	8c. per lb	6c. per lb.
Onions	20c. per bush	25 per cent.
Peas	20c. "	10c. per bush.
Potatoes	15c. "	15c. "
Apples	20 per cent	40c. per bbl.
Plums	1½c. per lb	25 per cent.
Horses	20 "	20 "
Cattle	20 "	20 "
Wool (raw)	Free	Free.
Lumber	"	"
Eggs	3c. per dozen	5c. per dozen.

Canada has gone through various stages of Tariff policy, from low revenue tariff to comparatively high protection, and for all the differing Tariffs there is found a relative justification in the conditions of the time. The National Policy was originally intended to develop Canadian industries, obtain reciprocity with the United States, and relieve Canada from the effects of financial depression. The reciprocity idea, however, was only the "ruse of war" of shrewd politicians. The building up of the national industries, and the consequent increase in revenue to be obtained from the heightened import duties were what those in power laid most stress upon. For the time the consumer was willing to put up with the

* Some discussion of this will be found in the note in the appendix "The influence of the Tariff legislation of the United States upon the Canadian Tariff."

enhanced cost in order to build up home manufactures. As time went on he found the pressure more and more irksome, and the Tariff amendment of 1894 represents in some degree an attempt to meet the needs of the consumers. Despite the fact that amendments have from time to time, taken place, the average rate of duty in the later periods of the operation of the National Policy is much higher* than in the earlier years. But in qualification of this it must be remembered that the various forms of taxable commodity have been more thoroughly sought out than formerly, and that though arbitrary pressure is probably inseparable from a protective system, yet the pressure is not quite so arbitrary as it once was.

The popular desire for Tariff Reform makes the amendment of 1894 especially interesting. In earlier years the Finance Ministers were, to a great extent, under the control of the protected interests. Nowadays the Finance Department shows more *desire* to adjust the Tariff so as to meet the needs of all classes; but the events of the committee stage of the Tariff Amendment Act of 1894 show that the Finance Department has not yet obtained freedom, to do as it deems best, in matters pertaining to the Tariff.

It is an economic commonplace that, when once a protective policy is adopted, in a country possessed of representative institutions, it is exceedingly difficult for the Government, on account of the pressure brought to bear upon it by the protected interests, to readjust the Tariff. In Canada the protective policy in vogue co-operates with the peculiar position of the country to render Tariff reform an exceedingly gradual matter. The greater part of the revenue of the Dominion is obtained from the customs duties;† and the increasing demands for Government expenditure cause the administration to look with favor—from the financial standpoint, if from no other—upon the continuance of the present system, which insures a comparatively stable revenue. When this dependence upon the customs duties is coupled with the clamorous influence brought to bear by the protected classes, the task of the Government when undertaking a revision of the Tariff is a difficult one; and the revision itself must of necessity proceed very gradually. Reasoning from the conditions of the past to the probabilities of the future it may safely be concluded that Tariff Reform in Canada will be achieved, not by a sudden reduction, but only by very gradual steps.

* See Table I. in Appendix.

† During the years 1868-93, 74 per cent. of the whole amount of taxation was derived from customs duties. In the United Kingdom in the same year the proportion of customs duties to total revenue was 26 per cent., while in the United States it was 55 per cent. The *per capita* payment of customs duties in 1893 was \$4.22 in Canada, \$2.50 in the United Kingdom, and \$3.05 in the United States. (Statistical Year Book, 1893, p. 712.)

APPENDIX.

CANADIAN STATUTES DEALING WITH THE CUSTOMS 1867-94.

1867—31 Vict., cap. 6 ; 31 Vict., cap. 7.	1883—46 Vict., cap. 12 ; 46 Vict., cap. 13.
1868—31 Vict., cap. 43 ; 31 Vict., cap. 44.	1884—47 Vict., cap. 29 ; 47 Vict., cap. 30.
1869—No Act.	1885—48 Vict., cap. 61.
1870—33 Vict., cap. 9.	1886—49 Vict., cap. 32 ; 49 Vict., cap. 37 ; 49 Vict., cap. 38.
1871—34 Vict., cap. 10.	1887—50-1 Vict., cap. 39.
1872—35 Vict., cap. 11 ; 35 Vict., cap. 12 ; 35 Vict., cap. 37.	1888—51 Vict., cap. 14 ; 51 Vict., cap. 15.
1873—36 Vict., cap. 39.	1889—52 Vict., cap. 14.
1874—37 Vict., cap. 6.	1890—53 Vict., cap. 20 ; 53 Vict., cap. 21.
1875—38 Vict., cap. 35.	1891—54-5 Vict., cap. 44 ; 54-5 Vict., cap. 45 ; 54-5 Vict., cap. 31.
1876—No Act.	1892—55-6 Vict., cap. 21.
1877—40 Vict., cap. 10 ; 40 Vict., cap. 11.	1893—56 Vict., cap. 16.
1878—No Act.	1894—57-8 Vict., cap. 3.
1879—42 Vict., cap. 15.	
1880—43 Vict., cap. 18.	
1881—44 Vict., cap. 10.	
1882—45 Vict., cap. 6.	

TABLE I.—Table of duties collected, and percentages of duty, on the average, on dutiable goods.

Years ending June 30th.	Total exports.	Total imports.	Imports for home consumption.	Duty.	Free goods.	Percentage of duty on goods entered for home consumption.	Export duties.
	\$ c.	\$ c.	\$ c.	\$ c.	\$ c.	per cent.	\$ c.
1868	57,567,888 00	73,459,644 00	71,985,306 00	8,819,431 63	28,329,610 00	20.22	17,986 00
1869	60,474,781 00	76,415,165 00	67,402,170 00	8,298,909 71	26,232,928 00	20.18	14,102 00
1870	73,573,490 00	74,814,339 00	71,237,603 00	9,462,940 44	26,110,181 00	20.95	37,912 00
1871	74,173,618 00	91,092,971 00	86,947,482 00	11,843,655 75	26,853,130 00	19.70	36,066 00
1872	82,639,663 00	111,430,527 00	107,709,116 00	13,045,493 50	39,163,398 00	19.03	24,809 00
1873	89,789,922 00	128,011,281 00	127,514,594 00	13,017,730 17	56,105,398 00	17.11	20,152 00
1874	89,351,928 00	128,213,582 00	127,404,109 00	14,421,882 67	51,168,316 00	19.32	14,565 00
1875	77,836,979 00	123,010,283 00	119,618,657 00	15,361,382 12	41,477,229 00	19.53	7,213 00
1876	80,966,435 00	93,210,346 00	94,733,218 00	12,833,114 48	34,489,872 00	21.30	4,500 00
1877	75,875,393 00	99,327,962 00	96,300,483 00	12,548,451 09	35,380,523 00	20.63	4,103 00
1878	79,323,667 00	93,081,787 00	91,199,577 00	12,795,693 17	31,422,988 00	21.50	4,161 00
1879	71,491,255 00	81,964,427 00	80,341,408 00	12,937,540 06	24,911,596 00	23.35	4,272 00
1880	87,911,458 00	86,489,747 00	71,872,349 00	14,138,849 22	17,593,382 00	26.11	8,896 00
1881	98,290,823 00	105,330,840 00	91,611,604 00	18,500,285 97	19,990,879 00	24.56	8,140 00
1882	102,137,203 00	119,419,500 00	112,648,927 00	21,708,837 43	26,891,494 00	26.40	8,810 00
1883	98,085,804 00	132,354,022 00	123,137,019 00	23,172,308 97	31,548,680 00	25.32	9,755 00
1884	91,406,496 00	116,397,043 00	108,180,644 00	20,164,963 37	28,170,146 00	25.20	8,516 00
1885	89,238,361 00	108,941,486 00	102,710,019 00	19,133,558 99	29,440,401 00	26.11	12,305 00
1886	85,251,314 00	104,424,561 00	99,602,694 00	19,448,123 70	28,943,875 00	27.52	20,726 00
1887	89,515,811 00	112,892,236 00	105,639,428 00	23,479,705 83	27,518,747 00	30.00	31,397 00
1888	90,203,000 00	110,894,630 00	102,847,100 00	22,209,691 53	31,625,804 00	31.04	21,772 00
1889	89,189,167 00	115,224,931 00	109,673,047 00	23,784,523 23	34,623,057 00	30.31	42,207 00
1890	96,749,149 00	121,858,241 00	112,765,584 00	24,014,908 07	35,659,298 00	31.93	98,674 00
1891	98,417,296 00	119,967,628 00	113,345,124 00	23,481,069 13	38,809,088 00	31.49	64,803 00
1892	113,963,375 00	127,486,068 00	116,978,943 00	20,650,581 53	47,818,206 00	29.75	108 00
1893	118,564,352 00	129,074,268 00	121,705,030 00	21,154,171 00	51,831,459 00	30.28

TABLE II.—Percentage of duty on total imports—dutiable and free.

Year.	Per cent.	Year.	Per cent.	Year.	Per cent.
1868.....	12.00	1877.....	12.63	1886.....	18.60
1869.....	11.78	1878.....	13.74	1887.....	19.87
1870.....	12.65	1879.....	15.78	1888.....	20.03
1871.....	12.32	1880.....	16.34	1889.....	20.60
1872.....	11.70	1881.....	17.56	1890.....	19.63
1873.....	10.17	1882.....	18.18	1891.....	19.52
1874.....	11.25	1883.....	17.52	1892.....	16.13
1875.....	12.48	1884.....	17.32	1893.....	17.38
1876.....	13.76	1885.....	17.55		

TABLE III.—Sugar entered for home consumption in Canada, 1879-90, and duty thereon.

Year.	Quantity.	Value.	Duty.	Rate per cent.
	Pounds.	\$ c.	\$ c.	
1879.....	109,463,915 00	6,186,226 00	2,595,074 00	41.95
1880.....	116,847,050 00	3,904,287 00	2,026,692 00	51.93
1881.....	136,406,513 00	5,110,993 00	2,459,142 00	49.00
1882.....	135,329,697 00	4,846,066 00	2,999,761 00	47.50
1883.....	152,729,569 00	5,091,530 00	2,467,730 00	48.00
1884.....	173,742,477 00	5,509,429 00	2,609,509 00	47.36
1885.....	200,011,541 00	5,100,478 00	2,544,920 00	50.00
1886.....	177,397,735 00	4,573,574 00	2,303,397 00	50.30
1887.....	200,466,072 00	4,862,042 00	3,167,528 00	65.20
1888.....	201,839,821 00	5,154,143 00	3,433,334 00	61.50
1889.....	223,841,171 00	5,837,895 00	3,675,724 00	62.96
1890.....	174,075,720 00	5,186,158 00	2,851,547 00	55.20

TABLE IV.—Imports of iron and steel into Canada for home consumption 1868-87.

Year.	\$ c.	Year.	\$ c.
1868.....	6,885,365 00	1878.....	9,398,306 00
1869.....	7,385,780 00	1879.....	7,962,295 00
1870.....	7,750,867 00	1880.....	10,128,660 00
1871.....	10,808,645 00	1881.....	12,955,855 00
1872.....	15,913,179 00	1882.....	17,499,488 00
1873.....	25,435,620 00	1883.....	20,080,274 00
1874.....	20,700,387 00	1884.....	14,790,727 00
1875.....	18,199,198 00	1885.....	11,415,713 00
1876.....	12,965,117 00	1886.....	11,053,365 00
1877.....	11,082,321 00	1887.....	13,595,046 00

NOTE ON "PROTECTION *VERSUS* FREE TRADE."*†

Protection has appealed much to the national sentiment—a fact which is illustrated in the popular name of the Canadian protective policy. Free trade, on the other hand, is more cosmopolitan in tone. The free trade advocate believes in a process of evolution which will ensure the survival of "the fittest;" the protectionist, on the other hand, wishes to give the home industry an advantage at least for the time being—and he may look forward to a time when the differential advantage afforded by a protective duty will be removed.

Free trade advocates have at times made their generalizations too hard and fast; and consequently it was somewhat of a shock to the orthodox free trader* when John Stuart Mill made his famous statement that, in the case of a young nation protective duties were defensible,† on principles of political economy, when they were imposed "in hopes of naturalizing a foreign industry in itself perfectly suitable to the circumstances of the country." He went on to say that the differential advantage which one nation has over another in point of production is often owing to the fact that "it had begun it sooner."‡ But in making this statement Mill also said that such duties should be temporary. The whole question of the applicability, in a particular nation, of free trade or protection, must be studied out in accordance with the facts of the case.

The framers of the National Policy did not advocate it on the ground of economic theory. They acted entirely from the standpoint of practical expediency. They were desirous of building up the home industries, and the popular sentiment of the time was willing to make any sacrifice to accomplish this end. There was also a feeling that the adoption of a National Policy would make Canada independent of the trade depressions that affected other countries. But a protective policy, by unduly facilitating concentration, and at times congestion, of industry, may accentuate rather than minimize trade disturbances. The idea that protection entailed an immediate enhanced cost upon the consumer—which, however, might, in time, be repaid to him in cheaper goods—did not have much stress laid upon it. It was the producer, not the consumer, who was thought of. There was, however, some recognition of the fact that a permanent condition of protection was not desirable; for Sir Charles Tupper considered that fifteen years would be amply sufficient to place the Canadian manufacturers in a position of independence so that they could compete with foreign manufacturers.¶ The fifteen years have come and gone, and the "infant industries" are not yet willing to stand alone. This illustrates the fact that when once protection is adopted, in a country where a representative system prevails, it is exceedingly hard to remove it.

Some advocates of protection argue that an increased import duty is a matter of minor importance; because if foreign goods are imported it will be the foreign merchants upon whom, according to their hypothesis, the tax will fall. The advocates of Free Trade are, on the other hand, prone to claim that in all cases the consumer pays the tax.** The disputed question is as to the effect of the tax upon price. If it raises the price in the importing country, the result will

*The discussion is necessarily a mere outline. All that is desired, is to throw some light, from the theoretic standpoint, upon earlier Canadian protection.

†*E.g.*, Thorold Rogers, *Political Economy*, p. 235.

‡*Mill's Principles*, Vol. II., p. 538.

§Although Adam Smith had stated this.

¶"It was laid down by Sir Charles Tupper that fifteen years should be sufficient length of time to give the manufacturers an opportunity of getting improved plants, skilled workmen, and established channels of trade." Speech of D'Alton McCarthy, M.P., at Barrie, January 11th, 1895.

***E.g.* McCulloch's "*Principles of Political Economy*." Part II., ch. V.

be that not only will the greater part of the tax be borne by the consumer, but there will also be paid by him, by way of increased price, a similar tax on the portions of the home-produced commodity of like nature which he consumes. But, on the other hand, the effect of the tax may be that the foreign producer will have to lower his price in order to obtain an entrance into the protected market;* here a portion of the tax will be paid by the foreign merchant. The subject is one of infinite complexity;† each case must be examined on its merits and in the process of such examination international price lists demand close scrutiny.

The iron and steel industry serves to illustrate the fact that the growth of an "infant industry" is not very rapid. Since 1887 the average rate paid on iron and steel imports has been 28.88 per cent. Notwithstanding this the imports of iron and steel were, in 1893, \$13,199,525—a decrease in imports of \$395,523, as contrasted with 1887.‡ Such being the condition of the imports, what is the condition of the home manufacture? We find that in 1893 the total production of iron and steel in Canada amounted to \$1,088,301, the total exports of iron and steel were \$342,568, leaving for home consumption \$745,933.§ It will, at this rate, take a long time to secure the Canadian market to the Canadian iron master;|| it will take a much longer time to bring about the condition in which the consumer will be repaid by cheapened production for any sacrifices he may have made.

Aside from the advantages conferred by "a start," it is undoubtedly true that certain localities, and certain nations, are peculiarly suited for certain industries. But this consideration is apt to be overlooked, and the advantage the older nation has attributed solely to its "start."***

When protection is imposed it means that a paternalistic supervision of industry has to be attempted; the Government, in determining which industries are suited to the country, which industries should receive protection, is much affected by the demands of the manufacturers; and consequently industries are, from time to time, aided—the success and advantages of which are, at best, problematical.

One more question demands a passing consideration, and that is the Balance of Trade theory. Sir Leonard Tilley was an ardent believer in this theory; to him it was the scientific buckler which served to cover all the crudities of the National Policy. The Balance of Trade theory comes down to us from the days of the Mercantilists. Many protectionists have discarded the theory, but in Canada it has, at times, exerted considerable influence. To the popular mind the theory seems conclusive; by reasoning from the analogy of the individual income and

*e. g. The McKinley Tariff lowered the price of Canadian hay.

†An able treatment of this subject will be found in Prof. Edgeworth's article on "The Theory of International Values," in the *Economic Journal* for March, 1894, pp. 43-7.

‡See table IV., in appendix.

§The Statistical Year book 1893, chap. X. The Year Book does not give detailed data as to the total value of the iron and steel manufactures of Canada; hence the figures used in this connection, are, at best, approximate.

||The Dominion Statistician states that, "the decreases in imports are all in the groups the several articles composing which require the higher skill in manufacturing. The increases in imports are all in those groups which require the lower skill." Statistical Year Book, 1893, par. 638. However, the development in the industry has been so exceedingly gradual, that considerable time will elapse before the industry can stand alone. Notwithstanding the fact that pig iron is protected by a duty and a bounty, which in the aggregate amount to almost 100 per cent.—pig iron can be obtained in Alabama for \$6.75 per ton—Canadian manufacturers are obtaining their pig iron from the Southern States. (*Vide* speech of Hon. Jno. Haggart at Orillia, February 4th, 1895.)

****Cf. List, p. 26.*

expenditure it is assumed that when imports exceed exports that the country must be in a disadvantageous position and *vice versa*.^{*} It is assumed that when the exports exceed the imports that the difference measures the net gain to the country, and that this constitutes a favorable balance of trade. The impossibility of perpetually maintaining a favorable balance of trade was demonstrated by Hume. The excess of exports does not of necessity constitute a favorable sign, for it may happen that, in a country where the exports exceed the imports, as in the case of India, this excess includes a large amount sent abroad in settlement of debts. Again, the balance of trade theory neglects the "invisible export" of transportation charges—an export which is very important to a carrying nation, such as England.[†] The seeming excess is largely due to the fact that the imports are usually valued at the place of their arrival, and hence the value includes transportation charge, while the exports being rated at the port of export are rated only at their market value there. But the greatest objection to this theory is that it assumes that debits and credits are settled directly between debtor and creditor. In practice it is found that the debtor nation has trade dealings with other nations; and the debits and credits are settled in the majority of cases, not by direct payments of gold, but by bills upon the countries which are indebted to the debtor nation.[‡]

In 1885 Sir Leonard Tilley contended that the National Policy had tended to lessen the difference between the imports and the exports. We have already indicated the importance, from the revenue standpoint, of the import duties; it might seem, then, a somewhat strange course of procedure, on the part of the financiers of the earlier period of the National Policy to desire to diminish the imports and increase the exports, for by so doing they would at the same time tend to decrease the revenue obtained from customs. It would seem as if, for the time, protection was more highly valued than revenue. Notwithstanding the efforts made to redress the "unfavorable balance of trade" the logic of facts shows how futile were the attempts of the believers in this theory, for, even when the National Policy was being congratulated for its success in this particular, we find that only during one year, 1880, did the exports exceed the imports, and then only by a million and a half, while during the period 1879-93 the imports have exceeded the exports by \$294,669,078.[§]

^{*}The theory is partially true. When the excess of imports necessitates an export of gold in order to cancel the indebtedness then this effect is of importance, for it exercises an effect upon prices. The other considerations advanced in the text must, however, be borne in mind.

[†]The imports of Europe exceed its exports by \$1,200,000,000 annually; and, paradoxical as it may seem, the imports of the world exceed its exports by \$800,000,000 annually. The explanation of this fact is given throughout the paragraph. The transference of indebtedness in respect, *e. g.*, of the raising and repayment of loans, is an important element in the settlement of international balance.

[‡]See preface to "Everybody's Question," pp. 5-7. This is a pamphlet by Mr. G. H. Chambers, Chairman of the London and St. Katharine Docks Company (London, 1873, Effingham Wilson pub.).

[§]See Table I. in appendix.

THE INFLUENCE EXERTED UPON THE CANADIAN TARIFF BY THE TARIFF OF THE UNITED STATES

It is difficult to arrive at a conclusion on this question which will be acceptable to all, for the question is usually discussed as a practical political question.

An answer to the question may be found in the Tariff History of Canada.

To go back to the days preceding Confederation, we find, in 1859, that the action of the American Congress in adopting a 50 per cent. rate on spirits caused the insertion of a 50 per cent. rate on spirits in the Canadian Tariff Resolutions.*

Later we find that the action of the Canadian Government, in 1872, in removing the duties on tea and coffee was, so far as appears, caused solely by the antecedent action of the United States.† The events of this year furnish a still further example of this influence. It was discovered later on in the session that the United States intended to discriminate adversely against "teas and coffees imported through Canada," and so provision was made‡ for imposing on these commodities, when imported from the United States, the same duties as were imposed upon them when imported into the United States from Canada.§ This also draws attention to the question of retaliatory duties. Such duties are closely connected with the reciprocity phase of a protective policy. When retaliatory duties have been imposed by Canada, as in this instance, or when provision is made for their imposition|| dependent upon a condition, it has, in general, been the action of the United States which has been kept in view. In these retaliatory duties there is an especial recognition of the influence of the American Tariff.

Although the National Policy had a popular origin yet it may safely be contended that the popular mind was influenced by the seeming success which had attended the American "war Tariff;" then, as now, the extreme protectionists were ready to refer to the "beneficial influences" of the "Morrill tariff." Throughout the discussions which heralded in the National Policy much stress was laid upon the obtaining of "a reciprocity of Tariffs with our neighbors to the south;"** and one leading argument advanced in favor of the National Policy was that it would obtain this "reciprocity of Tariffs."†† The influence of the American Tariff is again seen in the amending of the iron duties in 1887. These changes are admittedly modelled upon the scale of iron duties in force in the United States.‡‡

But perhaps the most conclusive recognition of the influence of the American Tariff legislation is seen in 1894. It was somewhat late in the session before the Canadian Tariff Act was brought down; and this was widely understood to be owing to a desire to await developments in the American Tariff. In addition to this there is seen, in the Canadian Tariff itself, much evidence of the fact that the American Tariff had been closely studied. Some examples of the approximation in point of Tariff rate on particular items may be seen in the comparative table given in a former portion of this essay.§§ Another example may be cited. When the Finance Minister was speaking with reference to the rate on live animals, he said: "Live animals . . . have been reduced to 20

*See *The Toronto Leader*, the Government organ, for March 7th, 1859.

†*Vide ante*, p. 15.

‡35 Vict., Cap. 12.

§*Vide ante*, p. 15.

||*E. g.*, the provision for an export duty on lumber in the Tariff Act of 1894.

**See *Hansard Debates* of March 7th, 1879.

††*Vide ante*, p. 20.

‡‡*Vide ante*, p. 31.

§§*Vide ante*, in comparative table of Canadian and American duties, p. 45.

per cent., which is the percentage placed upon live animals by the Wilson Bill and the Bill as emanating from the Senate Committee so far as it has gone."*

The facts that Canada and the United States have common trade interests—that the United States stands first on Canada's trade lists;† that the territories are adjacent and that one is in a high stage of industrial development while the other is less highly developed industrially, would lead one to conclude that the Tariff Policy of the United States must exert an important influence upon the Tariff of Canada.

**Hansard*, March 27th, 1894.

†In 1893 the total trade between Canada and the United States amounted to \$108,988,856. England stood second with a trade of \$107,885,718. (Statistical Year Book, 1893, p. 393.)

